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# Latin America Report

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21 March 1985

# LATIN AMERICA REPORT

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INTER-AMERICAN AFFAIRS

DELEGATES FROM NINE NATIONS MEET TO COMMEMORATE MAURICE BISHOP

Havana CUBA INTERNACIONAL in Spanish Dec 84 p 6

[Article by Maria del Carmen Victori: "Caribbean Intellectuals Against Imperialist Penetration"]

[Excerpts] One year after the events that throttled the revolutionary democratic process on the island of Grenada with the U.S. invasion of that small country, the Meeting of Anti-imperialist Caribbean Intellectuals for the Commemoration of Maurice Bishop was held in Santiago de Cuba. In attendance were distinguished personalities and scholars of the region, such as Juan Bosch, Gerard Pierre Charles, Manuel Moreno Friginals, Mark Figueroa, Joshua Peter Chowritmootoo, Clement Rogee, Jose Rafael Sosa, Armando Fernandez, Jorge Rodriguez and others, representing 9 nations, namely, the Dominican Republic, Nicaragua, Mexico, Cuba, Jamaica, Guayana, Haiti, Grenada and Puerto Rico.

Under the sponsorship of the Caribbean House and the Center for American Studies, the main activities of the meeting consisted of a seminar on the socio-economic and cultural problems of the area and the unveiling of a bust of Maurice Bishop, the prime minister of Grenada who disappeared.

The discussions lasted 4 days and dealt with 20 papers read by those in attendance on matters of present concern to the region, such as the influence of the world economic crisis on the area, the status of the popular movements, the increasing deployment of the U.S. military forces in the zone and the new types of imperialist aggression during the 1980's.

The Cuban minister of culture, Armando Hart Dávalos, who opened the meeting in the City Assembly Room, hailed the idea of commemorating the figure of Maurice Bishop specifically with an exchange of opinions among specialists in the complex problems of the Caribbean region, who will doubtless be of assistance in leading to a better understanding of the social, political and cultural phenomena that are emerging at the present time. He later recounted the historic, economic and ethno-cultural factors that bring the countries of the region together in a common cause.

The Santiago Choral Society, under the direction of Electo Silva, offered a program similar to that presented to Maurice Bishop on the occasion of his last visit to Santiago de Cuba, consisting of traditional selections from several West Indian countries.

There were other activities in addition to those mentioned above, such as the laying of a floral offering on the tomb of the national hero and renowned Cuban intellectual, Jose Marti, in the cemetery of Santa Ifigenia, and the display of many samples of the cultural artefacts of the province, especially of its capital.

Although a great number of topics were treated in the papers presented during the seminar, it was quite apparent that there was special interest in the following: The Caribbean: Stage for a New Imperialist Policy, read by Juan Bosch (Dominican Republic); The Structural Causes of the Caribbean Crisis, presented by Manuel Moreno Fragnals (Cuba); The Occupation of Grenada, by Gerard Pierre Charles (Haiti); Puerto Rico and the Militarization of the Caribbean, by Jorge Rodriguez (Puerto Rico); The Radial Aggression in the Caribbean and Central America, by Arnaldo Coro (Cuba) and The Socio-Economic Crisis of Jamaica and the Caribbean, by Mark Figueroa (Jamaica). These were among others that introduced new approaches and examined in depth the precarious regional situation, applying a knowledge of the problems affecting this part of the world today.

The result of this meeting of anti-imperialist intellectuals was the signing of a final declaration in which emphasis was laid on the difficulties plaguing the West Indian territories and, among them, the serious economic, social and political crisis resulting from exploitation by the developed capitalist countries, mainly the United States, and the dangerous situation posed by the Reagan administration, which, with the occupation of Grenada, has taken the region back to the day of the big stick policy and "gunboat diplomacy."

The declaration also stresses the effects of the imposition of oppressive programs by the International Monetary Fund and the manipulation of the mass media as a means of cultural penetration aiming at colonial or neo-colonial domination. It demands the immediate withdrawal of all foreign troops from Grenada and the restoration of the human and democratic rights of that country, as well as an end to the covert war now being waged in Central America by the CIA and the termination of aid to the Nicaraguan counterrevolution and the military regime of San Salvador; the dismantling of foreign military bases, together with a halt to maneuvers and exercises sharing the same objective in the area, and it also demands that the region be designated as a zone of peace and calls for the creation of an atmosphere of security and justice.

In the evening of the final day of the meeting of anti-imperialist intellectuals, honor was paid to Maurice Bishop in the gardens of the Caribbean House not only in the form of a portrait bust of bronze and wood, but also by the fact that specialists and politicians of various democratic persuasions were unanimous in the signing of the declaration that marked the close of the day's work session.

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CSO: 3248/220

INTER-AMERICAN AFFAIRS

CARIBBEAN LEADERS AT SUMMIT MEETING WITH CANADA

Dominican Aims

FL222020 Bridgetown CANA in English 1619 GMT 22 Feb 85

[Text] Roseau, 22 Feb--Dominica's Prime Minister Eugenia Charles left for Jamaica today to attend next week's two-day summit bringing together Commonwealth Caribbean government leaders and Canadian Prime Minister Brian Mulroney.

The two-day meeting, which opens Monday, is expected to focus on the present economic and political situation in the region and Miss Charles said above all she would seek Canadian financing for a national water project aimed at bringing piped water to every Dominican home. Although we heard Canada is going to decrease its aid to the Caribbean, I will still present the project, she said.

The government here says the previous Ottawa administration had approved the project some years ago, but then turned it down after deciding not to comply with one of the conditions for funding.

Miss Charles is accompanied by Financial Secretary Eric Lazare. She will also participate in a meeting of Caribbean leaders scheduled for Sunday.

Absence of Chambers, Burnham

FL221630 Bridgetown CANA in English 1614 GMT 22 Feb 85

[Text] Port-of-Spain, 22 Feb--Trinidad and Tobago Prime Minister George Chambers will miss next week's two-day meeting in Jamaica involving Commonwealth Caribbean leaders and Canadian Prime Minister Brian Mulroney, the GUARDIAN newspaper reported. It gave compelling commitments at home as the reason for his inability to attend the talks, which open Monday.

In Barbados, THE NATION newspaper said President Forbes Burnham of Guyana will also be absent from the summit because of republic anniversary celebrations.

Agriculture Minister Kamaluddin Mohammed, Chamber's unofficial deputy, will instead lead the Trinidad and Tobago delegation, which will include External Affairs Minister Dr Basil Ince and permanent secretary in the Ministry of External Affairs Christopher Thomas.

The meeting is expected to focus on Canada-Caribbean relations and the economic and political situation in the region.

The GUARDIAN also reported today that Labour Minister Errol Mahabir will travel to Barbados next week to continue talks aimed at laying the groundwork for a summit between Chambers and Barbados Prime Minister Tom Adams.

#### Trinidad Appeal on Trade

FL251920 Bridgetown CANA in English 1817 GMT 24 Feb 85

[Text] Port-of-Spain, 23 Feb--The Trinidad and Tobago delegation to next week's informal summit in Jamaica involving Canadian Prime Minister Brian Mulroney and his Commonwealth Caribbean counterparts left here today, hoping the talks could bring about improved trade between Canada and the region.

Trinidad and Tobago and the Caribbean, as well as Canada, have always had very, very cordial relationships and, under the regime of (the late Trinidadian prime minister) Dr (Eric) Williams, and through his leadership, we have had the Canadian/West Indies Trade Agreement, which existed for some time. And I personally feel that this exchange will be a very vital one for the people of Canada, Trinidad and Tobago, and the Caribbean, delegation leader Agriculture Minister Kamaluddin Mohammed, told reporters before his departure.

Mohammed is leading the delegation to the February 25-26 meeting because Prime Minister George Chambers is unable to attend. Other members are External Affairs Minister Dr Basil Ince; permanent secretary in the Ministry of External Affairs Christopher Thomas; and Knowlson Gift, high commissioner to Jamaica.

Mr Mulroney, having taken over the reins of the Canadian Government--a new party and a new leader--would like to familiarise himself with the leaders of the Caribbean, to get first hand views and exchanges of our mutual needs and aspirations as well as our problems, he said.

Mohammed said Prime Minister Chambers had planned to attend the talks but encountered a last-minute hitch. We believe that the matters that will be raised and required of Trinidad and Tobago (and) we will be able to handle the issues, he said.

Ince also expressed the hope that the talks will result in increased trade between Canada and Trinidad and Tobago.

This informal meeting was held some two years ago in St Lucia between the former prime minister, (Pierre) Trudeau, and leaders of the Caribbean, Ince told reporters. Arising out of those discussions, a trade mission from Trinidad and Tobago was sent to Canada to look at the imbalance of trade existing between both countries.

We will see that the gap has closed somewhat narrowly. Perhaps I could say it had something to do with that last meeting. We would hope that, after this



meeting, something could be worked out again to narrow the gap even more, Ince said.

#### 'Free-Trade' Request

FL261434 Bonaire Trans World Radio in English 1130 GMT 26 Feb 85

[Text] Caribbean leaders hoping to revive their ailing economies prepared today to ask Canada to remove duties on regional exports under a plan modeled after the U.S. Caribbean Basin Initiative. The proposal, which was offered yesterday at the start of a 2-day closed-door conference of 16 Commonwealth Caribbean states and Canada, was at the top of the agenda. Dubbed Carib-Can, the plan was the brainchild of Jamaican Prime Minister Edward Seaga, who said it would serve to supplement benefits from the U.S. administration's CBI, which allows the region 12 years of duty-free exports to the United States.

Mr Seaga told Canadian Prime Minister Brian Mulroney that creating such a free-trade area in Canada would be a big help to Caribbean economies while causing only a ripple in existing Canadian trade and investment patterns. Canadian sources said Mr Mulroney was noncommittal but indicated that he would study the proposal.

In the first day's session, the prime ministers targeted political issues for discussion and noted a trend toward moderate political policies. Mr Mulroney, on his first overseas trip since winning a landslide election victory last September, told the conference yesterday that Canada would live up to pledges made in 1983 to double financial assistance between 1982 and 1987. But Mr Mulroney stopped short of further commitments and stressed that his government has its own economic woes, including an inherited financial situation that was neither pretty nor worthy of emulation.

CSO: 3298/431

INTER-AMERICAN AFFAIRS

CARICOM CHIEF VOICES CONCERN OVER INTRA-REGIONAL TRADE

FL280056 Bridgetown CANA in English 1927 GMT 27 Feb 85

[Text] Georgetown, 27 Feb--The outlook for intra-regional trade remains one of serious concern, warned Caribbean Community and Common Market (Caricom) Secretary General Roderick Rainford as he gave the latest gloomy statistics.

He said an analysis shows that following the drop in trade among the 12 Common Market members of EC200 million dollars (one EC dollar: 37 U.S. cents) in 1983, the level of trade in the first nine months of 1984 was EC80 million dollars below that for the comparable period in 1983. All the signs show therefore that the momentum of intra-regional trade is still caught in the vortex of a downward spiral. The evidence indicates that this affliction is manifesting itself not only on the wider Caricom level, but at the level of intra-organisation of Eastern Caribbean States (OECS) trade as well, Rainford said.

As the region prepares itself for another meeting of the Common Market Council of Ministers in the near future, the outlook for the intra-regional trade regime continues to give cause for the most serious concern, he said in a comment prepared for a forthcoming issue of the secretariat publication PERSPECTIVE. The challenge facing the ministers, Rainford said, is to keep the regional movement faithfully on the course set for resuscitating trade at the last Nassau summit.

He said the current outlook contrasts rather sharply with the goodwill and optimism which accompanied the announcement of the measures agreed by heads of government in Nassau last July. Rainford noted that three of these measures were to have been implemented by member states by January 1 this year. These concerned an increase in the customs tariff of member states on an agreed list of products, an increase in the required level of value added for certain products produced in the Less Developed Countries (LDC's) and the implementation of the first part of the treaty requirement for the removal of customs duty in the LDC's on certain products when imported from the More Developed Countries, MDC's, he said. The secretary general said a basic undertaking entered into in Nassau was that action on the measures would be followed by removal of restrictions on intra-regional trade.

As we go to press, the current status of implementation of these measures is that Barbados has taken action on the first of them, Guyana on the first and

second, Jamaica (which was allowed a temporary suspension of the tariff rate increases) has taken action on the second and St Christopher (Kitts) and Nevis on the first and third, he said. He said while a number of countries had not yet completed domestic action on the measures, all member states remain committed to the implementation of the Nassau package. We confidently anticipate that any difficulties will be resolved and the measures put in place at the earliest time.

The forthcoming meeting of the council will therefore have before it the challenge of responding to the opportunity of keeping the movement faithfully on the course that was set in Nassau for intra-regional trade, Rainford said. The council was due to have met at the end of January but the meeting was postponed because some member states could not attend. No new date has been fixed.

CSO: 3298/431

INTER-AMERICAN AFFAIRS

CAIC LEADER URGES STRENGTHENING OF CARICOM

FL281554 Bridgetown CANA in English 1959 GMT 28 Feb 85

[Text] Bridgetown, 27 Feb--The chief executive of the Caribbean's leading business sector body has rejected as potentially dangerous calls for the suspension of the area's troubled Common Market. Pat Thompson, executive director of the Barbados-based Caribbean Association of Industry and Commerce (CAIC), said suspension would be as disastrous as Jamaica's withdrawal from the short-lived West Indies Federation.

He also warned Trinidad and Tobago, whose manufacturers association has advocated replacing the trade provisions of the Caribbean Community and Common Market (Caricom) with bilateral treaties, that any closure of the bulk of their market to regional exporters would eventually hurt the oil-rich country.

Both the Trinidad and Tobago Government and the republic's private sector have complained that the twin-island states' trade and other benefits from Caricom do not match its multimillion dollar loan and other commitments to the regional grouping. The complaints have become more noticeable at a time when the state is in deep economic trouble.

Recently, said Thompson, there have been calls emanating from sections of the private sector in Trinidad for the Caricom treaty to be formally suspended and to be replaced by a series of bilateral negotiations between Caricom countries. I believe such views to be both mistaken as well as potentially dangerous.

Thompson's comments were made during an address last weekend to manufacturers in Antigua and Barbuda, and a copy of the speech was released here. He added: Those views bear all the hallmarks of...panic in the face of crisis.... Thompson recommended efforts to strengthen Caricom, adding: A formal suspension would be like the withdrawal of Jamaica from the original West Indies Federation.

Thompson said people who urged dismantling of Caricom without suggesting a viable replacement were threatening to undermine such unity as we have left in the region and to mortgage our future and that of this part of the world, perhaps for generations to come.

He also commented on Trinidad and Tobago's cutback in imports from its Caribbean trading partners, and suggestions by the country's manufacturers that the government should do more to protect them from competition in their local market. [Passage indistinct] longer term by attempting to restrict her own market mainly to her domestic manufacturers, artificially restraining competition from Caricom, he said.

He conceded that, in the short term, some employment may be preserved and foreign exchange saved, but said that in the medium to longer term those practices will raise internal costs in the Trinidad economy, not only affecting the domestic cost of living but, more seriously, making many of their manufactured products uncompetitive in both the regional as well as the extra regional markets.

Thompson felt the Trinidadians could better serve their economy by giving easier access to regionally manufactured goods. If the rules of origin (for goods traded in the community) need changing, he suggested, let us deal with that as a separate though related issue and not hold up most trade transactions because a few items appear to breach the rules.

If the costs of some Trinidad manufacturers have got out of hand as a result of the after-effects of the boom generated by high oil prices some years ago, the real remedy is to go up-market within Caricom and to push hard in the direction of extra-regional exports, while simultaneously improving productivity and containing current costs.

Thompson stressed he was not advocating that Trinidad and Tobago unilaterally dismantle its trade barriers and accept all of the region's exports without having had its own legitimate Caricom trade grievances fairly and adequately addressed.

Caricom is a multilateral arrangement and we have to have a multilateral agreement about our present problems, in which each country's legitimate grievances are recognised and considered and where acceptable compromises are worked out, he said.

Everyone must be able to return to a more genuine common market arrangement under which competitiveness and efficiency are rewarded, but there are also appropriate safeguards, as the existing treaty anticipated, for those countries whose economies for the time being are in trouble or whose industries need a breathing space in which to adjust and to modernise, Thompson told the businessmen. That is how a rational common market is supposed to work.

CSO: 3298/432

INTER-AMERICAN AFFAIRS

IADB LOANS BOOST DEVELOPMENT IN LATIN AMERICAN NATIONS

Bridgetown THE NATION in English 12 Feb 85 p 9

[Text]

PRELIMINARY figures indicate the Inter-American Development Bank (IDB) last year approved over US\$3.5 billion in loans, a total more than 17 percent higher than in 1983.

The bank's January newsletter said the 53 projects financed by these loans will make an important contribution in helping the IDB's Latin American member countries recover their economic momentum and lay a foundation for long-term growth.

"Latin America is presently in the grip of its worst economic recession in 50 years," the newsletter said.

It said that one group of bank loans approved in 1984 was aimed specifically at spurring the region's industrial recovery. Four countries will receive a total of US\$580 million that will be lent to manufacturers to import raw materials, spare parts, equipment and other inputs needed to maintain production.

The bank said lack of foreign exchange is the major bottleneck facing the region's industrial sector. Since 1982, 11 countries

have received a total of US\$944 million in IDB industrial recovery loans.

The bank said Latin America's industries will also benefit from the US\$720 million in global industrial and agricultural credit programme approved in 1984.

The bank said additional support for the long-term development objectives of the Latin American countries will come from the large volume of IDB lending for infrastructure, including social projects.

Since its founding, the bank was devoted over one half of its US\$28 billion in lending to projects in energy production and distribution, roads, ports, communications systems, water and sanitation systems, education and urban development.

Loan disbursements in 1984 totalled US\$2.4 billion, 37 percent over 1983.

The bank in 1984 also approved nearly US\$49 million for 139 technical cooperation projects, US\$8.5 million for an innovative small projects programme designed to assist low-income people.

CSO: 3298/432

INTER-AMERICAN AFFAIRS

CARIBBEAN POPULATION PROJECTIONS PINPOINT INCREASES

Bridgetown BARBADOS ADVOCATE in English 6 Feb 85 p 2

[Text]

The population of the English-speaking Caribbean is expected to reach 7.1 million by the year 2000, an increase of 1.4 million between 1984 and the start of the next century. The United Nations Fund for Population Activities (UNFPA) has said.

A UNFPA report said that at the end of 1984 the population of the Caribbean stood at 5.7 million persons.

It said that in 1984 the Barbadian population stood at 262 000 but by the year 2000 it would have moved to 307 000. The rate of growth for Barbados between 1980 and 1985 was 0.82 per cent of the population but between 1995 and 2000 it is expected to increase by 0.97 per cent.

The U.N. institution said Barbados' crude birth rate between 1980 and 1985 was 19.9 per cent, the total fertility rate was 2.23 per cent, the death rate was 8.6 per cent and the infant mortality rate 23 per cent.

The Jamaican

population in 1984 stood at 2.2 million and by the year 2000 it should reach 2.8 million. The rate of growth between 1980-85 was 1.36 per cent and should be 1.25 between 1990 and the year 2000.

The Jamaican birth rate between 1980 and 1985 was 28.3 per cent, the total fertility rate for 1980-85 was 3.38 per cent, the death rate was 6.7 per cent while the infant mortality rate was 28 per cent.

The population of Trinidad and Tobago in 1984 was 1.1 million and according to the UNFPA this should increase to 1.3 million by the year 2000.

The country's population growth rate between 1980 and 1985 was 0.92 per cent. The UNFPA said between 1995 and 2000 it would be 1.05 per cent. The birth rate for 1980-85 was 24.6 per cent, the total fertility rate was 2.90 per cent and the death rate was 6.2 per cent.

The population of the Windward Islands in 1984 was 419 000 and by

the year 2000 it is expected to increase 524 000. The rate of growth for 1980-85 was 1.2 per cent and between 1995-2000 was tipped to be 1.44 per cent. The birth rate for 1980-85 was 30.4 per cent. The fertility rate between 1980 and 1985 was 3.57 per cent, the death rate was 6.2 per cent and the infant mortality rate 32 per cent.

The population for the rest of the Caribbean, including Antigua and Barbuda, the Bahamas, the British Virgin Islands, the Cayman Islands, Montserrat, Netherlands, Antilles, St. Kitts and Nevis and Turks and Caicos Islands stood at 769 000 in 1984 and should reach 959 000 by the year 2000. (CANA).

INTER-AMERICAN AFFAIRS

WINDWARD ISLANDS BANANA INDUSTRY FACING COLLAPSE

Bridgetown THE NATION in English 12 Feb 85 p 7

[Article by Earl Bousquet]

[Text]

CASTRIES, St. Lucia — The rapidly sliding value of the British pound sterling is causing serious losses to banana farmers in the Windward Islands and Jamaica, and unless a solution is found soon, the entire industry in the five banana-producing CARICOM states stands to collapse under declining returns from sales on the British market.

Hardest hit are the four Windward Islands (Dominica, St. Lucia, St. Vincent and Grenada) all of which have been recording lower returns than anticipated, as the value of the British currency declines.

In St. Lucia's case, the island earned EC\$59.8 million which was EC\$7 million more last year, than in 1983. But having produced 64 583 tonnes in 1984 compared with 54 314 tonnes in 1983, the island's Minister of Agriculture, Ira d'Auvergne, estimates that the local industry lost EC\$20 million last year, as a direct result of the sliding sterling.

A similar report comes out of St. Vincent where the chairman of the Windward Islands Banana Association (WINBAN) says that while production increased in 1984 over 1983, total earnings decreased.

Dominica's Prime Minister, Eugenia Charles, issued a call earlier in the year for establishment of a "banana pound" to be fixed at EC\$4.80, to ensure stable prices for

Windward Islands bananas, and to help protect the regional industry from the disastrous effects of the decreasing value of the British currency.

Officials in Britain said they would give consideration to Miss Charles' suggestion, and the appeals for direct action in Europe to save the Windwards banana industry, which is crucial to the economies of the small member-states of the Organisation of Eastern Caribbean States (OECS), currently reeling under serious pressure from overall declines in economic performance at the regional level.

Miss Charles' proposal has evoked some response from banana industry officials in the islands, who have also been looking at the options open to the governments and producers in the banana-producing CARICOM states.

Some feel that while the idea is good, British buyers would be unwilling to pay \$4.80 a lb., when the current situation is in their favour.

Another difficult option considered on the monetary side, is a devaluation of the EC dollar, if the British pound continues to slide. But that would not be easy, as only four of the seven Organisation of Eastern Caribbean States (OECS) using that common currency, are banana producers.

The sliding sterling is also having deeper and wider economic consequences for the region beyond low banana



prices. It is also affecting the value of aid from the European Economic Community (EEC), and Britain which is valued in sterling.

From the producers' standpoint, the declining British pound is further aggravating a long-standing situation whereby they spend more on production than they receive in returns from sales of the fruit.

Banana sources here estimate that it costs 20 to 22 cents a pound to produce, while the average price paid to growers in 1984 was 21.33 cents, according to St. Lucia Banana Growers Association (SLBGA) figures released here last weekend. The average price paid in 1983 was 21.89 cents.

### DECLINE IN INCOME

The farmers' income from sale of the fruit on the British market has declined considerably over the past five years. In the 1979-80 period, St. Lucian farmers received as much as 30 cents a pound, but since then has fluctuated, reaching as low as 13 cents at some stages.

Against this background, the British government has despatched its permanent secretary in the ministry of

agriculture, Ms. Peggy Fermer, to monitor the situation in the Windward Islands and Jamaica.

What will come out of her trip is yet to be determined, but Windward Island banana officials are hoping that her report and recommendations will be followed-up speedily.

Nonetheless, there seems to be growing acceptance within the ranks of the island producing associations that they and the governments will have to seek better arrangements and agreements with their major British buyer, Geest Industries Ltd., the British-based firm which has held buying contracts for over 20 years in the Windward Islands.

### PRODUCTION PLANS

The islands are again planning increased production for 1985, with St. Lucia, the largest Windwards producer, fixing a target of 70 000 tonnes.

But this is against the background that the industry, now more than ever, faces an impending catastrophe that the island economies just cannot afford, if they are to survive beyond 1985.

INTER-AMERICAN AFFAIRS

DPA SURVEYS INDEBTEDNESS, INFLATION, UNEMPLOYMENT FOR 1984

Monterrey EL NORTE in Spanish 9 Jan 85 p 10-A

[Text] A new upsurge in the foreign debt and a considerable increase in the inflation rate were the factors that gave the Latin American economy a negative aspect in 1984.

The German Press Agency (DPA), in its last journalistic research of the year, presented a report on the regional economy covering the last 12 months, with indices and figures comparing the situation in 1984 with that of 1983, with some examples corresponding to 1982 as well.

The problem of the foreign debt was the primary concern of all regional and international forums in 1984, as in the previous year.

Figures

In the 13 countries studied, the debt totaled \$344.051 billion, \$31.02 billion more than in 1983.

Between 1982 and last year, the Latin American foreign debt had already grown by \$34.037 billion.

Thus, while in 1983 each worker in these countries owed \$2,621 (in 1982 the figure was \$2,337), this year each worker owes \$2,879.08. The worker's situation has worsened by \$258.08 since last year.

The increase in the foreign debt in 1984 (in relation to 1983) was especially noteworthy in Brazil (\$3.7 billion), Colombia (a public debt of \$5.05 billion), Chile (\$3.1 billion), Mexico (\$5 billion) and Peru (\$1.795 billion).

All the countries included in the study have already rescheduled part of their debts, are currently negotiating more reschedulings, and intend to renegotiate their foreign commitments.

Colombia has played an important role this year in the indebtedness problem, having promoted and hosted the first meeting of 11 Latin American debtor nations in Cartagena (21 and 22 June).

This meeting led to a second conference in Mar de Plata, Argentina, where a new document was issued setting forth the urgent need "to carry out dialogues with the industrialized countries in order to reverse the situation that has arisen in Latin American nations as a consequence of their overwhelming foreign debt." It also criticized the rise in interest rates in the United States.

This year, Mexico, Venezuela, Argentina and finally Ecuador managed to reach wide-ranging agreements with their creditors in New York, with long payment periods and lower interest rates.

Brazil, meanwhile, expects to conclude its debt reconversion process in 1985.

On the other hand, the 13 countries included in this economic report expanded their international reserves in 1984 by a total of \$8.751 billion (over the December 1983 figure).

The total of these reserves is \$37.899 billion, compared to \$24.148 billion in 1983 and \$33.335 billion in 1982.

The countries with the highest amounts of reserves are Venezuela (\$12.289 billion), Mexico (\$8 billion) and Brazil (\$2.544 billion).

#### Inflation Nearly Doubled

One overwhelmingly negative note in the 1984 report is the considerable increase in the inflation rate, estimated at an average of 189.53 percent in these 13 countries. This is 89.25 percent higher than the 1983 rate, and 118.08 percent higher than in 1982.

In some countries, there was a significant rise in inflation, such as Argentina (up from 392.3 percent to 690 percent) and Bolivia (from 300 to 1,255 percent).

Peru, on the other hand, improved its inflationary situation to a certain extent, bringing it down from 120 to 74.3 percent. It projects an inflation rate of 100 percent for 31 December. Mexico brought its rate down from 80.5 percent to 58.0 percent.

Finally, the unemployment rate improved slightly from 22.1 to 20.12 percent, which means that in the 13 countries studied there are 24 million jobless workers (with a workforce of 119.5 million in a population of 328.6 million).

In December of last year, according to the DPA report, there were 26.4 million unemployed workers, which means that this year there were 2.4 million fewer jobless people.

Unemployment remains high in Peru at 56.8 percent; in El Salvador at 30.0 percent; and in Chile at 24.1 percent, according to official data (other sources peg Chile's jobless rate at 40 percent).

As can be seen, the economic picture in the region is far from encouraging, although it should be noted that in 1984 great progress was made in terms of the rescheduling of debts and the effort to find formulas to solve the crisis in new ways.

Certainly the situation will continue to be difficult in the future, especially because the countries must launch a domestic economic recovery while also being forced to generate resources to pay off their foreign debts.

So far Bolivia, which has suffered the consequences of this dual task most severely, is the only country in the region that has been forced to declare officially that it is temporarily unable to pay.

Though this position by the Bolivian government did not produce the repercussions that were first feared—that other countries might follow La Paz's lead, for example—it nonetheless sounded a warning to creditor banks, which began to show more flexibility and willingness to reach agreements with the debtor nations.

The Results Are Negative . . .  
(Foreign Debt and Reserves in Billions of Dollars)

(1) Países	(2) Deuda Externa en 1984	(3) Deuda Externa en 1983	(4) Reservas Monetarias	(5) Desempleo (Porcentaje de la fuerza de trabajo)	(6) Tasa de inflación en 1984	(7) Tasa de inflación en 1983	(8) Población (Millones)
Argentina	\$44,963	\$43,000	\$2,500	19.0%	690.0%	392.3%	27.9
Bolivia	5,200	5,000	41		255.0%	300.0%	6.1
Brasil	100,200	96,500	2,544	22.0%	214.0%	211.0%	128.0
Colombia	10,929	2,223	(1)1,677	13.9%	13.5%	14.8%	27.1
Costa Rica	4,500	3,500	419	9.0%	12.0%	15.0%	2.4
Chile	20,400	17,300	(2)2,009	24.1%(3)	24.0%	23.1%	11.8
Ecuador	6,900	6,810	142	11.0%	32.4%	52.2%	8.0
El Salvador	1,913	1,855	(4)150	30.0%	12.1%	12.8%	5.1
México	95,000	90,000	8,000	8.0%	47.6%	80.5%	73.0
Panamá	3,600	3,600	300	19.0%	17.0%	18.0%	2.3
Perú	13,795	12,000	2,328	56.8%	74.3%	120.0%	18.0
Uruguay	4,651	4,243	500	14.7%	60.0%	55.0%	2.9
Venezuela	\$2,000	27,000	(1)12,289	14.0%	12.0%	9.0%	16.0
(9) Promedio	\$344,051	\$313,031	\$32,899	20.12%	189.53%	100.28%	328.6

(10): Sólo deuda pública. 2: Otras fuentes estimaron la deuda chilena en 1983 en 20,000 millones de dólares. 3: Oficial. 4: En diciembre de 1983, según el Banco Germánico para América del Sur.  
(11) Fuente: Agencia alemana DPA.

Key:

1. Countries
2. Foreign Debt in 1984
3. Foreign Debt in 1983
4. Monetary Reserves
5. Unemployment (percentage of labor force)
6. Inflation Rate in 1984
7. Inflation Rate in 1983

Key (cont.):

8. Population (millions)

9. Average

10. 1. Only public debt. 2. Other sources estimated the Chilean debt in 1983 at \$20 billion. 3. Official. 4. In December 1983, according to the Germanic Bank for South America.

11. Source: German Press Agency (DPA)

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CS0: 3248/230

INTER-AMERICAN AFFAIRS

BRIEFS

ARGENTINA FINANCES BOLIVIAN AIRPORT--Negotiations are progressing with the government of Argentina for the purpose of finalizing the financing intended for the improvement of the Oriel Lea Plaza de Tarija Airport and others in the southern part of the country. The negotiations are being conducted by the Ministry of Aeronautics and the AASANA (Auxiliary Air Navigation Services Administration); they are aimed at covering the projects corresponding to the aeronautics sector with these funds. Reports received at AASANA indicate that, given the priority of the work to be done and the feasibility of financing, this institution has planned, for the Tarija Airport, the construction of the first phase of the new passenger terminal building, the installation of the chain-link fence enclosure, and the erosion control work (which is considered to have a high priority). The report notes that AASANA will make every effort so that the financing by the Argentine government now being processed will turn out favorably because this will also make it possible to carry out various other projects at the airports of Yacuiba, Potosi, and Sucre. Finally, there is further clarification on certain requests for the installation of runway lighting systems, in which connection it was stated that this cannot be done for the time being due to the high costs connected with the investments in visual aids and the difficulty in covering the operating costs because of the low frequency of night-time operations at the Tarija Airport. It was pointed out that it would be possible to think of the installation of this equipment if the required funding could be obtained and at the same time the LAB /Lloyd Bolivian Airline/ sees the possibility of subsidizing the operating costs for the system. /Text/  
/La Paz HOY in Spanish 11 Feb 85 p 5/ 5058

ARGENTINE-BOLIVIAN PROJECT FALTERS--There is pronounced concern within the San Jacinto Association because the government so far, in spite of the passage of 3 months, has not yet promulgated the Supreme Decree for the award of the contract for work to be done in the second stage of the project designed to irrigate something more than 4,500 hectares in the central valley of Tarija. This situation was revealed during a press conference that was called by association general manager engineer Luis Lema Molina who stressed the fact that the second stage is the real justification for the project aimed at making vast lands useful for agriculture which, in turn, will facilitate the region's social-economic growth. Announcing that work on the first stage, which is being handled

by the Cartellone-Cyma consortium, is progressing normally, the top executive of the San Jacinto Association stressed the fact that the second stage for various reasons is considerably behind schedule; on the other hand, there is the danger of definitely losing out on the offer, made by the president of the sister Republic of Argentina, Dr Raul Alfonsin, to finance the project. In another part of the press conference, engineer Lema Molina explained that the contract for work on the second stage was awarded to the Forti-Leon enterprise which teamed up with the Argentine enterprise of Darkel on the basis of Supreme Decree 20565, dated 4 October of last year, which provides that the domestic proposing enterprises with preliminary qualification submit proposals, complete with prices and financing; this was the only enterprise that met this requirement. /Text/ /La Paz HOY in Spanish 8 Feb 85 p 6/ 5058

CSO: 3348/394

ANGUILLA

BRIEFS

FIRING OF FINANCE MINISTER--The Valley, Thurs., (Cana): Anguilla's Finance Minister, Hubert Hughes, has been dismissed, and said he was sacked for opposing plans to open a casino in this tiny British Caribbean colony. The official announcement, yesterday, gave no reason for the dismissal. Hughes told the Caribbean News Agency (Cana) that a Taiwanese firm was insisting on permission to operate a casino on the island as a condition for buying the 40-bed Merrywing Hotel, which passed into Government ownership last year. Hughes said he opposed the casino plan, which was supported by Chief Minister Emile Gumbs and other leaders of this 35 square-mile (91 square km) island, with a population of 7,000. [Text] [Port-of-Spain TRINIDAD GUARDIAN in English 22 Feb 85 p 5]

CSO; 3298/420



ARGENTINA

STORANI: NATION HAS BECOME SELF-SUFFICIENT IN OIL

Buenos Aires LA VOZ in Spanish 27 Jan 85 p 2

[Text] Cordoba--National Secretary of Energy Conrado Storani claimed that Government Oil Deposits (YPF) will form mixed enterprises to prospect and develop hydrocarbon reserves in the Chaco-Parana Basin, which is in this province. He indicated that this year the Piedras Moras plant will be built, and work will conclude on the Rio Grande projects.

Storani confirmed, moreover, the announcement made here at the end of last week by the head of YPF, Hector Fiorioli, and stressed that "we are going to form mixed corporations between YPF and the private firms of this country and other countries that want to participate in the prospecting."

As for the mixed development, he asserted that the state enterprise will make the area available, will retain the majority of the capital and will control the boards of directors, while the private sector will provide the technology and funding. "If oil is discovered," he said, "we will pay the firm for its labor, and the development will be carried out jointly. This is a kind of contract known as the "Colombian" contract, and a variation of it is being used in mainland China. We are going to put this system into effect right now. The only thing these contracts do not provide for is mixed corporations, which I want to bring in to YPF."

With regard to oil production in the Argentine, he stated that we are "absolutely self-sufficient; in fact, we exported \$354 million worth of fuel oil in 1984, and we imported \$30 million in white kerosene for aviation. Thus, the balance was a surplus of \$324 million. In 1985 we will at least publish these figures."

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CSO: 3348/379

ARGENTINA

AGRICULTURE OFFICIALS DEBATE AGRARIAN REFORM PROPOSAL

Buenos Aires LA VOZ in Spanish 5 Feb 85 p 32

[Passages enclosed in slantlines printed in boldface]

[Text] Economic difficulties and the urgent need to seek a way out of this plight have led to the resurgence of the old /debate on agrarian reform,/ that is, bringing about a better distribution of wealth in the Argentine rural sector.

So far, the discussion has taken the form of feints between the most conscientious exponents of the positions maintained by the various political and social forces (see page 8), but there is no doubt that /soon the issue will become a fight to the death between opposing interests./

The governor of the province of Buenos Aires, /Alejandro Armendariz,/ gave the battle order when /he could only describe the party program for agrarian reform, which the Radicals themselves termed "moderate," as "a few reforms" that were more oriented toward technology and efficiency than toward politics and law, compared to the current system of land ownership./

Armendariz himself spoke out yesterday to condemn the /"exaggerated reaction" by the Argentine Rural Association/ (SRA) (see box).

This "exaggerated" response by the entity that represents the major interests of the humid pampas comes against the background of its traditional rejection of any change in rural socioeconomic relations. Any suspicion of attempts to reform these relations has prompted /the sector represented by the SRA to create repulsive situations such as those which in various stages of the country's history led to coups, aimed at protecting their interests./

This opinion was expressed by the /head of the National Administrative Investigations Office, Ricardo Molinas, indicating that "all the coups were based on the defense of economic interests, in the sense of accentuating the power of the so-called cattle oligarchy."/

The president of the Argentine Agrarian Federation, /Humberto Volando,/ also stated that /"there was also a connection between the landowners and the coups."/

In sum, it can be concluded that while rural residents in general are debating in theoretical terms the need to modify socioeconomic relations in the rural sector, one group, comprising those who dominate production, marketing, land ownership and labor, has somehow managed to maintain its position.

The president of the /Argentine Rural Confederations (CRA), Raul Romero Feris, stated that "in Argentina today, to think of agrarian reform is to think of a country out of touch with reality, / because that attempt at reform is completely useless."

It is clear that the sensibility of the powerful landlords only becomes aroused when the slant of political and social events cuts into their immense interests, even if these attempts are merely "moderate" or "gradual," or are aimed at increasing production to bring in more foreign reserves, as the government proposes.

Shortly before the general elections in which the Radicals triumphed, the /Institute of Studies for the National Doctrine/ issued a report exposing the flaws of the platform presented by that party to the populace.

This study (published in LA VOZ on 10/27/83) indicated that "the agrarian program (of the Radicals) reflects a /quite correct diagnosis of the situation, but an obvious contradiction between objectives, policies and instruments emerges immediately./ One can agree with its pronouncements, such as: 'To promote a policy aimed at eradicating unproductive latifundios and turning them into economically feasible units . . .' and 'To give preferential support to the cooperative movement . . .' But it is obvious that if they do not go on to explain the general features of the goals and the instruments, this failure reveals a lack of technical discipline, or what might be more damaging, a lack of competence to undertake a process of transformation."

#### Armendariz Explains

The Undersecretariat of Press and Media of the provincial government of Buenos Aires, in a communique released yesterday, explained that Governor Alejandro Armendariz "has reaffirmed what was set forth in the party platform" in referring to the land ownership system.

In an effort to elaborate on information "that was not clear" in the dissemination of Armendariz's statements, the Undersecretariat also stressed that the governor "has pointed out that at this time our reform program is geared toward increased technology, the adequate use of soil, the use of fertilizers and agrochemicals, rural electrification, support prices--in short, the stimulation of production as the best means to generate foreign reserves that can be used to pay off the foreign debt."

It also noted the "immediate reaction" of an entity "which represents a limited sector in agriculture," following the governor's statements.

It may be recalled that the Argentine Rural Association (SRA) criticized the statements as "a compulsive and unhealthy interference" of the state in private decision-making, and expressed support for the "total freedom of land

ownership." It expressed its disagreement with the statements made by Armendariz, in which he asserted the need to make "some reforms" in the system of land ownership and possession.

The Rural Association added that the governor's assertions "are in keeping with recent initiatives, decisions and proposals of this nature."

It also criticized Armendariz for uttering these words in public at a time when "the most diverse sectors of production and labor are undertaking a difficult and important process of coordinating socioeconomic proposals."

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CS0: 3348/379

ARGENTINA

## MEAT EXPORTS FOR JANUARY SHOW MARKED DROP

Buenos Aires CLARIN in Spanish 7 Feb 85 p 21

[Passages enclosed in slantlines printed in boldface]

[Text] /Beef exports fell sharply once again in January/ (24 percent below the December 1984 total), reaching /15,000 tons of meat and bones./ Thus, the trend observed in the last half of this past year has solidified. /An illustration of the magnitude of this decline is the fact that this is the lowest volume of beef exports for the month of January in the last 20 years./

In the last month, /\$18.3 million/ was earned from these exports, also /a very clear drop from December 1984 (22.5 percent),/ even though the average value of /\$1,220/ per ton reveals a slight upsurge not just in comparison with the last month of the previous year, but also compared to the averages of 1983 and 1984. /In other words, the slump in exports is not viewed as stemming from the situation of the international market./

It should be noted that among total exports of all kinds in the livestock sector, in the interest of reducing the share of traditional exports, foreign sales of refrigerated offal (beef, mutton, pork and horsemeat) are becoming increasingly important. In January that category's share in the total rose to 20.5 percent from its habitual 11 or 12 percent. Despite the low unit value of these offal exports (they average less than \$700 per ton), they also account for a high share of foreign currency income: nearly 10 percent, as opposed to the usual 5 or 6 percent.

### Breakdown

As for the breakdown of exports, in the first month of the year the trend begun in the middle of last year was continued, meaning that the volume of canned and cooked meat exports exceeded that of refrigerated meat. In January, /the latter category rose to 6,400 tons of meat and bones/ (43 percent of the total), while /canned and cooked meat/ totaled /8,600 tons/ (57 percent of the total).

/The principal importers of meat/ in January were /the United States with 6.2 million tons/ of canned and cooked meat, followed by the /European Economic Community (EEC) with 3,300 tons/ (2,300 tons of refrigerated meat and 1,000

tons of canned and cooked meat), and /Israel with 2,000 tons/ of refrigerated meat.

/On the other hand,/ as has been the case since last August, the /Soviet Union has not made any purchases./ In the last 5 years, it was one of the three primary customers for Argentine meat, based on an agreement signed in 1980.

#### Meat Exports

Thousands of Tons

Month of January



Source: National Meat Board (JNC)

The graph shows that the volume of exports in January was the lowest level since 1967.

8926

CS0: 3348/379

BELIZE

## ESQUIVEL, MINISTERS ADDRESS ISSUES AT NEWS CONFERENCE

Belize City THE BEACON in English 19 Jan 85 p 2

[Text]

ON last week Wednesday the new United Democratic Party Government held its first news conference since formally being sworn into office nineteen days before.

The Government was represented by Prime Minister Manuel Esquivel, Minister of Economics and Foreign Affairs Dean Barrow, Attorney General and Minister of Housing Hubert Elrington and Minister of Health and Tourism Derék Aikman.

Last week (See Headline Story) THE BEACON published the details of the comments made by Foreign Minister Dean Barrow on the major issue raised at the news conference - the representation of Belize at inaugural ceremonies held by the Sandinista Government in Nicaragua.

Because the news conference was of such vital importance in laying out the policy of the UDP Government on such a wide variety of topics, this week we have decided to donate our Editorial Space to the Ministers' comments on questions raised by the media.

### FOREIGN POLICY

*ESQUIVEL: Foreign policy, first of all, is set out in a paper which was published last year and approved by the Biennial Conference of the Party (UDP), that has been incorporated into the Manifesto of the Party, and therefore the Foreign Minister acts within the policy as set out in the Manifesto. On matters in which he feels he needs additional guidance, then obviously the Cabinet, which ultimately has the responsibility, would be the (place) to make foreign policy.*

*He (Dean Barrow) would have a free hand within the*

context of the Manifesto and assuming, as would be the case for any other minister, that he will always be in close consultation with the Cabinet on his decision.

#### REFUGEES AND ILLEGAL ALIENS

ESQUIVEL: We need to be clear, first of all, on the meaning of the word (refugee), because generally the public concept is that any alien from Central America is a refugee. So if (we) are talking about refugee within the context of the genuine meaning of the word, that is, those people are settled here and registered as refugees and are settled in a specific area under the supervision of the United Nations High Commissioner for Refugees; then I think that in regards to those people, our position at this time is that we will want to continue co-operation with the U.N. High Commissioner. It is my understanding that there are only a few people principally in the Valley of Peace, and in some areas around Belmopan.

The 15,000 mentioned are Central Americans, who have come to Belize on their own free will for various reasons, many of them illegally. That is a different problem ...

... With regard to the people who are illegal aliens, our position has been that we must try to enforce the laws to the best of our ability. You are aware that last year, there was an amnesty for people to legalize their status. If there are still people who are illegal, then we must do what the law requires.

#### BELIZE CITY STREETS

ESQUIVEL: We (have) invited the Mayor to have discussions with the Minister of Works (Hon. Charles Wagner) in Belmopan, and they will be trying to work out a formula.

#### DEVALUATION

ESQUIVEL: As of this time there is no suggestion of a devaluation. I might point out that we will be receiving a delegation from the IMF (International Monetary Fund) later in this month, in order to go over the whole agreement that was reached with the last (PUP) government.

#### DUAL NATIONALITY

ESQUIVEL: There is no suggestion that what we intend to do is to grant dual-citizenship in a blanket sort of way. First of all we are looking primarily at Belizean born people and we will have to work out details on the limitations of this. I might just point out, however, that with regard to the particu-



lar problem you pose (Belizean citizenship), even at this moment there are a lot of people born in Guatemala with no claim to Belizean citizenship, who have in fact gotten Belizean citizenship. That to me is much worse.

#### THE MENTALLY ILL

ESQUIVEL: That problem has been allowed to be neglected very seriously, without any concern for even the humane considerations; and I think the entire set up at Rockview (Hospital) seems to be generally an Eighteenth Century type of operation we need to do something about.

#### STUDENTS IN CUBA

ESQUIVEL: I have raised the question with other Caribbean leaders who have the same problem. At this stage, we have not taken a decision; but the feeling in the Caribbean is that short of recalling people's passports, they do not really see that there is a mechanism ... but we do consider it a problem. The basic problem remains. If a citizen of Belize chooses to go to Cuba, the only way anybody could stop him is by refusing to give him a passport, and we feel that would not be a good precedent to set.

#### TOURISM

AIKMAN: We have placed it among the top priorities, certainly as a short term solution to our foreign exchange situation. We would also like to emphasise that unlike other Caribbean territories, where tourism has progressed unmonitored and lacking control, we do insist ... that we will be progressing with tourism with great monitoring to protect Belizeans ... so that we do not become second class citizens and subservients to these foreigners.

All we are doing here is tapping a resource that up to this stage has not been tapped very well.

#### HOUSING

ELRINGTON: It is not the policy of this Government to build long barracks for people, so when it comes to improving (these facilities) I do not know how energetic it will be. What we will try to do is de-people them - take people out of the long barracks and give them a house with a good yard, where their children can grow and prosper.

Housing projects have always been in the pipe-line. The difficulty has been that substantial sums have always filtered away ... the thing is to set up a project that will prevent that from happening.

I do not think that they have reached a stage where anything has been finalized (on the Venezuelan housing project) ... there is no question that the country needs housing, but the units have to be built so that the cost will not impose an intolerable burden

*on the worker. That is essentially what is going to decide what happens with any housing project.*

UNEMPLOYMENT

*ESQUIVEL: The only solution is to find jobs, and the only way to do that, in our view, is to encourage investment ... which is why in the first month of our administration we are...looking to the U.S.A. in order to identify investors. We have (also) been approached by several nations in the Far East and the European countries have also expressed a lot of interest ...*

CSO: 3298/421

21 March 1985

BELIZE

## ESQUIVEL DISCUSSES RELATIONS WITH MEXICO, COMMUNISTS

FL160330 Mexico City NOTIMEX in Spanish 2200 GMT 15 Feb 85

[Text] Mexico City, 15 Feb (NOTIMEX)---In the event of an attack from Guatemala, Belize will not think twice about asking a country as powerful as the United States for help, Belize's Prime Minister Manuel Esquivel has said.

After rejecting the possibility of establishing a U.S. military base in his country, Esquivel reiterated that Belize is a small and weak nation, and will seek U.S. Government protection and help, if necessary.

Esquivel, who will meet here with President Miguel de la Madrid on 28 February, said that at these talks he will seek to improve economic relations between Mexico and Belize.

The Belizian president said there were many coincidences in foreign policy between the two countries, but among the differences was the very serious matter of Mexico's relations with communist countries.

Esquivel, who is also leader of the United Democratic Party [UDP], said it was much easier for Mexico than for Belize to have relations with the communists because this is a small and new country on the international scene.

Esquivel was not in favor of a revolutionary type of government for Guatemala, because even if Guatemala recognized Belize as a sovereign nation, at the same time it would be a threat having a communist government as a neighbor.

Belize, he said, is in favor of free and democratic governments where the people vote and freely select their leaders from any part.

On the difficult problems in Central America, Esquivel said that although the problem has become an East-West question, the causes which originated them were the prevailing social injustices.

He acknowledged that Belize has a great unemployment problem and said that to resolve this his administration would try to bring foreign capital into the country mainly through agriculture and tourism. Lastly, Esquivel said that the international economic situation and the devaluation of the peso had seriously affected trade relations with Mexico, and that in his meeting with President Miguel de la Madrid he would seek to improve relations in this area.

BELIZE

PUP'S SHOMAN DISCUSSES CHARGES OF TIES WITH COMMUNISTS

Belize City THE BELIZE TIMES in English 20 Jan 85 pp 5, 6-7

[Article by Assad Shoman: "Am I a Communist? (or 'All's Swell That Ends Well.')

[Text]

The other day I was talking to John Swell, one of the esteemed local lehders of the PUP in one of the beautiful districts of this beloved jewel of ours. We were engaged in the favourite past-time of all P.U.P.'s - old dogs and young pups - since 15 December, 1984.

We were playing a game. The game is called "WHY WE LOST THE GAME."

Swell: Stop beating around the bush. You know darn well that we lost because of Communism.

A.S. : Stop beating a dead horse. I didn't see any Communists fighting us, in the bushes or elsewhere.

Swell: Don't play smart. You know exactly what I mean. People voted against us because of the Communists in our party. Our people don't like Communists. We want to keep our cattle and our wives for ourselves. We don't want to share up our belongings.

A.S. : Now, don't get excited, Swell. Nobody's after your wife. And you don't have any cattle. But anyhow, who are these Communists in our Party?

Swell: Well, they say you're the biggest one. You are the one giving our Party a bad name.

A.S. : But why do you say I'm a Communist?

**Swell:** Everybody says so.

**A.S. :** Everybody says you're a batty-man. Does that make you one?

**Swell:** That's different. You know how people like to talk fool. Anyhow, you've never denied you're a Communist.

**A.S. :** That's not true. In any case, you've never denied you're a batty-man.

**Swell:** I am not a batty-man.

**A.S. :** I am not a Communist.

**Swell:** (after a long pause) Well, where do we go from here?

**A.S. :** Certainly not to bed. But, seriously, Swell, is that the only reason you say I am a Communist? Because the enemies of the Party say so?

**Swell:** Our Party Chairman says so.

**A.S. :** He's an enemy of the Party.

**Swell:** Well, they say you're close to Nicaragua, and that you travel a lot to Cuba.

**A.S. :** And that would make me a Communist? Dozens of US Senators visit Cuba; US Presidents visit Communist countries and have close relations with their leaders. Does that mean they are Communists? In any case, to set the record straight, I've only been to Cuba once. In 1983, for a Health Conference. This was given wide publicity in Belize, and nobody - in the PUP or UDP - has ever attacked me for that.

**Swell:** But what about your relations with Nicaragua? Can you deny that you are favourably disposed toward the government of that country?

**A.S. :** And shouldn't we all be? When, up to 1979, the bloody dictator Somoza was presiding over a 40-year reign of terror over that country, we in Belize heard nothing bad about Nicaragua. Yet Somoza's Nicaragua was the number one ally of the Guatemalan government in its campaign to overrun Belize. Somoza even offered military assistance to Guatemala for an invasion of Belize. When the new

government came to power in 1979, it immediately supported Belize's independence with full sovereignty and territorial integrity. You want us to be against them for that? Are you a Guatemalan agent or something?

Swell: Don't talk nonsense. Anyhow, even if they helped us, we shouldn't have had relations with them, since we know that would annoy the United States.

A.S. : Ah, Swell, how you twist things. To our discredit, we never established relations with Nicaragua. But do you know that the United States has diplomatic relations with Nicaragua? That Honduras, El Salvador, even Guatemala, have diplomatic relations with Nicaragua?

Swell: I don't beleive you. That can't be true.

A.S. : Check it out. Call the US Embassy right now.

Swell: Well, anyway, Nicaragua is a Communist country. The government came to power by force. It is not a democracy.

A.S. : I don't hear you railing up against Chile or Guatemala, or half the Latin American countries ruled by the gun, or against South Africa, where the black majority is denied all rights. But where have you been hiding, Swell? Haven't you heard that an election was held in Nicaragua last November? Over 80% of the electorate voted - more than in Belize - and 67% voted for the Sandinistas - much more than the 53% the UDP got in December. Isn't that democratic? Or do you refuse the right of the people of Nicaragua to vote for who they want because you don't like that party? Come, now, even the UDP Government sent its Ambassador to the inauguration of the elected President, thereby recognising the democratic elections held there.

Swell: Well, the UDP have Communists in their Party too! In any case, why are you talking so much about Nicaragua? You see, that's why they say you are Communist.

A.S. : O, Swell! What's the matter with you? It's you who brought up the subject, not I.

Swell: (after a very long pause, and with a sly smile) Anyhow, they say you hate Americans.

A.S. : Nonsense. Some of my best friends are North Americans. Furthermore, I have always promoted close relations with the US government. I personally negotiated with the US representative at the United Nations to produce the resolution which they finally agreed to support, in 1980, for our independence. I have since always sought better relations with the US on the basis of mutual respect for each other's sovereignty. True, I am not in favour of sweating their - or anyone else's - fevers, and I do believe that Belize has its own interests to pursue, and that we have the right to decide our own policies and our own future without interference from anyone. I don't believe we should be anyone's stooge or slave. Does that make me a Communist?

Swell: All right, all right. Let's forget about all those foreign countries. But even if people understand about that, they'll still call you a Communist because of the things you say here, about Belize.

A.S. : Like what?

Swell: You know like what. Like the infamous speech to SJC 6th Form, remember? You want to say now that it wasn't Communist?

A.S. : You mean my address to the 1975 graduating class?

Swell: Whenever. I don't carry around a history book in my pocket. Everybody talks about it. It was definitely a Communist speech.

A.S. : Have you read it?

Swell: Of course not! Heaven forbid! You see, you want me to read Communist propaganda.

A.S. : Mmmm.

Swell: It was Communist, wasn't it?

A.S. : As a matter of fact, it wasn't. Indeed, most of the Jesuits there congratulated me for it, and a couple of them wrote me saying they agreed with everything I said. I hope you won't call them Com-

munist for that. In fact, what some people called "Communist" in that address were direct quotes from Catholic Popes. I cited, for example, Pope Paul VI, who wrote that "private property does not constitute for anyone an absolute and unconditional right. No one is justified in keeping for his exclusive use what he does not need, when others lack necessities." And Pope John XXIII, who wrote that "it is not enough to assert that man has from nature the right of privately possessing goods as his own, including those of a productive nature, unless at the same time a continuing effort is made to spread the use of this right through all ranks of the people."

Swell: Our Popes said that? I can't believe it. I am a strong practising Catholic. I go to Church everyday. And I've never heard that!

A.S. : Don't blame me for your ignorance, Swell. Read your Church documents. Or ask your local priest.

Swell: My local priest? But he's a UDP.

A.S. : Mmmm?

Swell: O.K., O.K., but what is it you believe in, then? People call you Communist. There must be a reason.

A.S. : People call you ....

Swell: (interrupting angrily) All right, All right. Stop talking about what people call me, O.K.? Tell me, what do you believe in?

A.S. : I believe, above all, in democracy. I believe that all our people - workers, farmers, businessmen, women, youth - all have the right to participate equally in making decisions about our future. And I believe that those decisions should be for the benefit of the majorities. I have consistently proclaimed this belief, throughout my political career.

Swell: That sounds fine, fine. (He adds, with a sly smile) But what else do you believe?

A.S. : I believe that all human beings are equal, and that every Belizean has the



right to freedom of expression, of movement, of religious belief and of association. I believe in the struggle to create a new society - a free and just society which must be planned and structured to eradicate poverty and to bring new and real opportunities to the have-nots. I believe that workers should unite and cooperate in the production of goods and services, and receive an equitable share of the wealth created by their work.

Swell: Go on, go on.

A.S. : I believe that the public sector(government) should work in partnership with the private sector for increased production, balanced development and social well-being. Development must be a positive force for the good and welfare of the people as a whole, and the fruits of development must be equitably shared by all Belizeans.

Swell: You finish?

A.S. : Toyota. You asked for it, you got it.

Swell: (triumphantly) Aha! You see, I knew I'd get you in the end. That crap you spouted out just now, that's pure Communism. That's why people call you a Communist. Now, how will you deny that?

A.S. : Watch your language Swell! That "crap" as you call it, every single word I just uttered comes from the Political Creed and the Manifesto of the PUP!

Swell: What! It can't be! I'm a die-hard PUP! I've been in the Party ever since! I'm a firm supporter PUP supporter! I (hesitatingly, as in the "hesitatin' waltz" ) ....Are you sure all that is in our Manifesto?

A.S. : Ah, Swell, I told you once before: don't blame me for your ignorance. You yourself voted for this policy at the Convention in 1979. Here - (handing him a copy of the "Manifesto for the New and Progressive Revolution) - read it for yourself.

Swell: O.K., O.K.(with a bewildered expression) But if we didn't lose because there are Communists in the Party, why did we lose?

A.S. : Oh, Swell, how you love to play games. Look, everybody has his own opinion as to why we lost. In my own division I lost because our beloved Chairman directed and financed Yellowman to campaign against our Party. Each division has its own particular reasons, but I believe that over-all a lot of people were turned off from our Party for a number of reasons. For one, because we did not fulfill the policies I just enumerated. Also because of the bad economic situation, which, it is true, was partly caused by the world economic crisis, but we as the Party in government, got all the blame. Then again, many people felt that we had been in office too long, and just decided that it was time for a change. Others felt that after independence there was not much more development. We also suffered from an image of corruption and victimization. On top of all this there was the terrible division within our Party, with the Chairman and others working against several of us, even against the Party Leader. How the hell could you expect us to win under all those conditions? What is surprising is that despite all that the UDP only got 53% of the vote!

Swell: Are you saying that we were partly to blame for our defeat?

A.S. : Come on, Swell, don't play the innocent. You know that some of our leaders were suspected of feathering their own nests. You know that democracy was not fully practiced within the Party. You know that we lost touch with the workers, with the youth, with the people. You know that we ignored-and even suppressed-the essential tasks of organization and education. You yourself don't even know the creed and Manifesto that you voted for, as you just confessed. You know that some of our leaders became arrogant. As the people say, they "swell up" - and you are not immune from that charge yourself, Mr Swell.

Swell: Don't play with my name, or I can call you Ass - ad too, O.K.?

A.S. : Don't be so sensitive, Swell. Nothing wrong with a touch of humour. Call me an ass if you like. Call me anything, but

if you're serious try to at least be prepared to back it up. You still want to call me a Communist?

Swell: I never called you a Communist, you know. Let's be fair. All I said was that they say you are a Communist.

A.S. : And they say you are a ....

Swell: (gruffly) All right, man, mek i done de. No hard feelings. Anyhow, I enjoyed this talk. No get vex. Let's talk some more another time.

A.S. : No swent. I far from vex. We can talk anywhere, anytime, about anything. I have nothing to hide. O.K., cuz - as the man said, "All's well that ends Swell."

CSO: 3298/421

BELIZE

PAPERS ASSESS FOREIGN POLICY STANCE VIS-A-VIS GUATEMALA

Nicaragua, U.S. Factors

Belize City AMANDALA in English 18 Jan 85 p 2

[Editorial]

[Text] It should be instructive to our readers that the first UDP government ministry to find itself under attack and embroiled in controversy is the Ministry of Foreign Affairs headed by the Honourable Dean Barrow. The attack was not without warning of a sorts, for three weeks before last month's general elections here, the 'VOICE' newspaper, an organ of the extreme right wing of the People's United Party, had on its front page pointedly described Mr. Barrow as Mr. Esquivel's "leftist" Foreign Minister.

In the last several months before the general elections, as we pointed out in an editorial published in the October 19, 1984 issue of AMANDALA, there was an "affair between certain powerful leaders of the UDP and a disenchanted right wing section of the ruling PUP." We described the romance as "passionate" and "almost matrimonial, which is to say, until death do them part, or, to use political terminology, a relationship which will extend into the post-election era."

In this, the post election era, we have seen last week the VOICE zeroing in on the centrist Foreign Minister for sending a Belizean official as a representative at the inauguration of the Nicaraguan President, and we have seen this week the formal resignation of former right wing Ministers Louis Sylvestre and Fred Hunter from the People's United Party on the grounds that the party has gone leftist.

There is a small but wealthy group of Belizeans who are seeing creeping communism everywhere. They are distant cousins of people like the late Robert Welch, founder of the John Birch Society, who seriously thought U.S. Presidents Dwight Eisenhower and John F. Kennedy were working for the victory of international communism.

The significance of all this is that it is in the area of regional foreign policy where Washington is most interested in having Belize follow instructions, and it is in the area of foreign policy where Belize

can do the worst damage to her economic and security interests.

As an example, consider the following. After independence, Belize produced a bumper corn crop. The Americans, whose eye at the U.N. had made it possible for Belize to gain a form of independence, did not wish to buy any, but neither would they allow Belize to sell any to Cuba or countries like that. The corn rotted in our silos and our farmers were given useless yellow slips.

Now in Central America, Guatemala is our enemy, has been so for decades, because she insists on claiming our territory. Nicaragua is an enemy of Guatemala since 1979, and should logically be our friend, if one is to accept the international axiom that the enemy of our enemy is our friend.

But the U.S. calls the shots around here. Guatemala is Washington's friend, because of ideological common ground, and Nicaragua is Washington's enemy, again because of ideology.

If Belize allows Washington to dictate our foreign policy, then we will make enemies of the Nicaraguans. But they do not claim Belize. Guatemala does.

In the area of foreign policy, what is good, for Washington is not good for Belize.

It's quite simple, actually, but most frustrating.

Generally speaking, we at this newspaper almost never have anything to say about Belize's foreign affairs. We always plead ignorance, and sometimes rightfully so.

But where Dean Barrow is concerned, we cannot sit by and allow extremists to undermine one of Belize's best young minds under the guise of fighting communism.

The next step for our colleagues at The VOICE will be to call AMANDALA communist. But so what? We've been called everything else.

#### Aversion to Communist Ties

Punta Gorda TOLEDO STAR in English 27 Jan 85 p 2

[Editorial: "A Stitch in Time"]

[Text] Guatemala's Claim to Belize is an open challenge. A chance given to Belizeans to face it properly prepared by Defence Guarantees and Security Arrangements; for the opportunity to settle by peaceful negotiations.

Communism comes in through the back door, purporting to be a friend in need; but eventually enslaving the masses to Marxist-Leninist dictatorship where there are no elections, and Newspapers are censored.

Guatemala is prepared to settle the annoying Dispute by obtaining concessions so as to save face at home, take the Claim off its Constitution and respect our Independence.

Communism will dehumanize freedom loving Belizeans, taking away all our rights and basic democratic privileges. We will live here, but we will work for the red bosses humiliated even worse than when our forefathers were slaves under colonialism.

Out of one-hundred and twenty-five nations of the world which supported Belize at the United Nations, we need not select Nicaragua as the best of all friends in support of Belizean Independence. Was it not the United States vote in the U.N. in 1979 in favour of Belize which turned the tide for Britain to grant Belize its Independence?

It is not necessary for Belize to establish diplomatic relations with Nicaragua, Cuba and Russia just because they defend Belize's Independence when there are so many other nations with Christian principles which we can befriend. We should be interested in having closer ties with those nations which are not under instructions from the Kremlin.

Therefore, the question is: Do we want Belize to become a Soviet satellite just because Guatemala Claims Belize and some communist countries support Belize's Independence?

The answer is NO. For what we want is to settle this border-dispute, so that Belize need not depend on Britain, United States, Nicaragua or Cuba for its Defence. So that we can be free like Switzerland, like Costa Rica and like those blessed countries which are not pushed around like pawns in the international chessgame.

CSO: 3298/42J

BELIZE

DIVISIONS, DANGERS IN DEFENSE FORCE LAID TO EXPATRIATES

Belizean Officers' Charges

Belize City AMANDALA in English 25 Jan 85 p 3

[Letter to the Editor]

[Text] Jan. 21, 1985

The Editor  
AMANDALA

Sir,

We write hoping you will through this medium allow us to expose to the Belizean public a very grievous situation in which Belizeans are being demoralized, the careers of highly trained Belizeans destroyed, and others so dreadfully treated that they have lost faith and are preparing to abandon their jobs, even the nation itself, and leave. We are lost and do not know how to handle this egomaniacal racist, and stop his rampage. We refer to the BDF and its sufferings.

There is a person in our midst whose only description of us is BELIZEANS ARE JUST NOT GOOD ENOUGH: one senior Belizean officer's good name is being scandalized at social functions by this person; he is also doing the same to police officers and to COMPOL himself. Diplomats and other VIP citizens have expressed shock at this fellow's ap-

palling behaviour with regards to the good name and character of his own officers and other ranks.

The BDF is losing its highly trained and experienced officers and senior non-commissioned officers because of this fellow, very much the same way the police force lost 22 of its finest men during the reign of terror of a certain officer. Is the same thing happening to the BDF?

The two finest commanders to come to us, LT. COL. BRIAN AYRES and LT. COL. GRAHAM LONGDON, groomed and trained several good men for command positions.

Most of us voted for the new government, for we believe in the things expressed by them. We ask now for nothing more than a move to preserve what is left of the first 7 years of back-breaking work. Please help us before any more good material and the few senior men we have left are all gone.

We regret using this means to expose this situation, but we fear more a swift end to our careers if we were to approach the

ministry directly, as subtle hints have been passed our way to that effect. Belizeans are risking their lives in the jungles of Belize, for people and nation. It is only natural that we ask that our backs be protected in the meantime. We implore the Ministry to initiate an enquiry, before it is too late. Help us, please.

(INITIALED BY SIX OFFICERS FOR THE OFFICERS AND SENIOR NCOS AND MEN OF THE BDF.)

#### Issue of BDF Independence

Belize City AMANDALA in English 25 Jan 85 p 2

[Editorial]

[Text]

The newspaper has had to expunge more unrestrained portions of the letter published on page 3 of this issue and initialed by 6 senior Belizean officers of the Belizean Defence Force.

In other words, the situation at Price Barracks is quite serious where hostility between Belizean and expatriate factions of the officer corps is concerned, charges of racism and so on are flying, but we feel confident that dialogue and negotiation can alleviate the problems, and perhaps even solve them.

The BDF is the most powerful, and therefore dangerous, organization in the country where firepower is concerned.

In theory, a group of BDF officers, acting in concert, could overthrow the constitutionally elected government of Belize overnight.

In practice, this has happened in many poor countries like Belize, and we then describe these countries as having experienced military overthrows of their civilian governments.

The Price government was, of course, quite aware of the dangers of an army, and employed various tactics to lessen the danger from the military. Price used an extremely careful sieving process to select his commanders and tried to pack as many of his relatives by blood and by marriage into the officer section. In times of crisis, such as the Heads of Agreement, he issued orders that officers should have whatever they desired.

Officers who had opposition ties or became too popular with their soldiers were pushed out of the BDF.

From another standpoint, which is to say Washington's, the fact of the matter is that the BDF, propaganda to the contrary, has never been envisaged as a



credible defence force against Guatemala or other aggression, but has rather been encouraged as Belize's contribution to the regional effort against drugs and communism.

So that the BDF does not really belong to me and you. We could not afford it.

We feel at the newspaper that the new UDP government has had to rely on the expatriate commanders of the BDF in their first five weeks of administration, because they could not have known whom to trust among the Belizean commanders.

But such a situation cannot continue indefinitely, for Belize is supposed to be independent, you know,

Prime Minister Esquivel has been obliged to devote most of his time to the finance section of his portfolio, which was left in shambles by the previous government, but the rumblings from Price Barracks are going to demand some attention from him very soon.

#### Officer Departures

Belize City DISWEEK in English 18 Jan 85 p 3

[Text]

Something seems to be terribly amiss in the Belize Defence Force. Not only is there an obvious lack of moral amongst the rank and file but of late there have been a number of resignations by the most highly trained officers of the Force.

The latest took place this week when Captain John Loskot submitted his resignation. Loskot the most senior Belizean officer trained for command (staff College, England) cited 'urgent personal

reasons' for leaving the BDF.

Last year Major Thomas Greenwood at the time the most senior Belizean Officer in the Force with 16 years military experience resigned suddenly to the annoyance of much of the rank and file. This was followed by the resignations of Force Signals Officer Harold Young and the Motor Transport Officer.

Word in the camp is that a rogue nicknamed "Circles" is on the loose.

CSO: 3298/422

BELIZE

## CHIEF JUSTICE CITES 'INTERFERENCE' IN JUDICIAL SYSTEMS

Moe Charges

Belize City DISWEEK in English 18 Jan 85 pp 1, 7

[Text]

**C**hief Justice George Moe has publicly stated his concern over recent interference in the Judicial system.

In a strongly-worded address at the opening of the Supreme Court, the Chief Justice who has been threatened with dismissal, noted that the Court faces not only physical constraints but "...interference with emoluments contrary to rules and regulations, and obstacles... in the efforts to have appointments to the offices of Justices of the Supreme Court. It ap-

pears that some people are seeking to give the Supreme Court some lessons. I am not sure whether to be more amused than amazed or more amazed than amused." In particular he referred to "some persons who seem to think appointments to the Judiciary may be other than in accordance with the provisions of the Constitution." Said the learned Chief Justice: "...that certainly will not be tolerated," and he questioned "Where are we heading?"

He was particularly concerned that if the Judiciary is not protected from all external constraints, it may lose the public's respect and confidence.

Mr. Moe also called for an immediate updating of certain laws to bring them in line with the provisions of the Constitution. He mentioned too the need to improve the physical environment of the Supreme Court and to increase the number of judges giving the significant rise in the number of cases at both the Magistrate and Supreme Court Level. He specifically referred to the prevalence of cases involving dangerous drugs.

Fifteen cases are scheduled for hearing in this session of the Supreme Court before Chief Justice George Moe and Acting Puisne Judge George Brown.

## Attorney General's Actions

Belize City DISWEEK in English 18 Jan 85 pp 1, 7

[Text]

**N**ewly appointed Attorney General Hubert Elrington has issued a sharp threat to the Chief Justice of the Supreme Court, Mr. George Moe.

Mr. Elrington in a message delivered to the Chief Justice earlier this month, warned that if the Chief Justice interferes with his actions, then his government would do whatever is necessary to terminate the Judge's appointment including amending the Constitution.

The threat is the latest salvo in a struggle for control of judicial appointments.

Since his appointment as Attorney General, Mr. Elrington has assumed the right to fire and hire both Supreme Court judges and magistrates. Not only has he dismissed Puisne Judge Rajasingham, but he has without consultation, sent off a telegraph to a Ghanaian lawyer offering him an appointment as Magistrate.

Lawyers on both sides of the political fence have expressed alarm

at Mr. Elrington's actions. They see it as a threat to the independence of the Judiciary and the constitutional principle of separation of powers. "If Mr. Elrington has magistrates and judges will become puppets of the administration to be hired and fired at whim."

Since returning to Belize on Jan. 8, the Chief Justice has made known his displeasure and has pointed out in particular that the Constitution vests control of the Judiciary in the Judicial Services Commission.

Mr. Elrington is however, apparently unconcerned about this violation of the Constitution. And in response to the Chief Justice's expressions of concern, he has sent a sharp message advising the Chief Justice not to interfere and warning him that if he did, he (Elrington) would see to it that his tenure is terminated even if it means amending the Constitution.

It seems now that unless the Chief Justice or Mr. Elrington back off, a major confrontation is in the offing.

CSO: 3298/422

BELIZE

# TOWN BOARD ELECTIONS ADVANCED 8 MONTHS, TO MARCH 1985

## UDP Rationale

Belize City THE BELIZE TIMES in English 20 Jan 85 pp 1, 12

[Text]

The announcement on Radio Belize last Tuesday, Jan. 15, that the government had brought forward the date for the Town Board elections came as no surprise to political observers countrywide. It is obvious that the UDP having won a majority in the Dec. 14 General Elections, is now seeking to consolidate power.

The date set for the Town Board elections is March 27 1985. This is 8 months earlier than the date set last December - the second Wednesday in November, 1985. The UDP government did not even take into consideration the fact that these elections were postponed only after the existing Town Boards agreed to it.

When voters go to the polls on March 27,

they will elect 7 Town Boards, including San Pedro, Ambergris Caye, which was made a town last December.

"The UDP government is afraid to wait until November for the Town Board elections because it feels that by then its popularity will have dwindled," says one politician. "Even at this early stage," he adds, "the people are coming to realize that the UDP government will not be able to deliver the numerous promises it made to the people."

Reliable sources say the government is also preparing to call a by-election for the Belize City Council. This election would be the result of a conflict of interests situation where five members of the City Council are also members of the House of Repre-

sentatives and Ministers in the Cabinet.

If the UDP administration is serious when it preaches "fair-play" at all times, then it has no alternative but to ask these people to resign. The people are now awaiting the resignations from the City Council of ministers Aikman, Barrow, Elrington, and Goldson, and House Speaker Castillo.

## Town Participants

Belize City THE REPORTER in English 20 Jan 85 p 4

[Excerpts]

Seven towns will be getting ready for these elections in contests which will mainly involve the United Democratic Party and the People's United

The newly constituted township of San Pedro in Ambergris Caye will have the opportunity of electing its own Town Board for the first time.

Party. In Dangriga and Punta Gorda however it is expected that the two independent splinter parties, the Christian Democratic Party of Dangriga and the Toledo Progressive Party will be competing.

CSO: 3298/423

BELIZE

'VICTIMIZATION' CHARGED AS GOVERNMENT FIRES 100 WORKERS

Belize City THE BELIZE TIMES in English 27 Jan 85 p 1

[Text]

More than 100 people, most of them employed in the Public Works Department, have been given notice that their employment is being terminated. This action of the new administration is seen far and wide as plain victimization.

The majority of the workers affected are known supporters of the P.U.P. They are also past the age of retirement. Since no reason is given for their dismissal, it is assumed that they are victims of narrow-minded politicians who are using the age factor as an excuse. "But", says one worker, "they should not forget that all of us have families to feed, and that it will be difficult for us to find jobs now."

About two weeks ago, the Prime Minister himself said his government was doing everything to avoid devaluation, and that drastic measures would have to

be taken. Perhaps this is one of the measures, but it is most unfair.

Reliable sources say that by the end of the fiscal year, in March, as many as 500 people will lose their jobs with government. It is also reported that officers stationed in the districts will soon be required to pay a considerable portion of their salary - as much as 7 percent - for living and other facilities provided by government.

These measures are seen in some sectors as counterproductive and not even devaluation can justify them. "We will avoid devaluation, but we will increase unemployment, and that does not speak well for the government," says one public officer. It is also feared that the retrenchment could lead to tensions which the UDP government leader says they want to avoid.

BELIZE

# GOVERNMENT REVOKES IMPORT LICENSES TO PROTECT SMALL FARMERS

Belize City THE BEACON in English 26 Jan 85 pp 1, 12

[Text]

The new UDP administration has taken strong measures to protect Belize small farmers, who were being squeezed by the mass importation of vegetables from across the Mexican border.

For years small farmers, unable to compete with vegetable importers, have been suffering under the economic yoke. Year after year, they have watched their produce rot in the field because all outlets were glutted by the Mexican imports.

This week the UDP government took strong action. The Ministry of Industry, Commerce, Fishing and Co-operative announced the revocation of all licences issued for the importation of cabbage, tomatoes and sweet pepper.

According to a reliable

source, the six major vegetable importers import more than 20,000 lbs of vegetables each week, which keeps the market for this commodity completely saturated.

With the new government ban, local farmers will now be able to recapture a major share of the local vegetable market. Farmers feel that even after the long years of suffering caused by the agricultural policies of the old government, the announcement of the ban came in time to do a lot of good.

It may take a detailed analysis to determine what other vegetable (notably carrots and cucumbers) should be added to the ban, but there is little doubt that this is only the first move to help small farmers gain an economic foothold in their own country.

CSO: 3298/423

BELIZE

#### BRIEFS

**BELIZE TIMES CHANGE**---The English-language weekly BELIZE SUNDAY TIMES, which had introduced a mid-week edition (as reported in JPRS 85007 dated 24 January 1985) on 28 November 1984, reverted to weekly publication with its 23 December 1984 edition, following the general elections. The name of the paper, however, was changed to THE BELIZE TIMES, although it continues to be issued on Sunday. [Editorial Report]

**MEETING IN MEXICO**---The Minister of Natural Resources Mr. Dean Lindo and the Minister of Commerce and Industry Mr. Eduardo Juan have met with the Governor of the Mexican State of Quintana Roo, Lic. Pedro Joaquin Caldwell in Chetumal City. The two Ministers conveyed greetings from Prime Minister Manuel Esquivel and told the Governor that the new government of Belize is interested in further developing the good relations between Belize and Mexico. They also held preliminary discussions on extending commercial and agricultural ties between the two countries. In response the Governor told the Ministers that Mexico shares the same feeling of improving relations and co-operation between the two countries. Mr. Lindo and Mr. Juan were in Chetumal as part of a tour at that city and Belize's northern districts. [Text] [Belize City THE BEACON in English 19 Jan 85 p 3]

**IMF ASSISTANCE**---It has been announced from the office of the Prime Minister and Minister of Finance Mr. Manuel Esquivel that the Belize Government has obtained US\$7 million in funding from the International Monetary Fund (IMF) designed to assist the government in its economic and financial programmes. The announcement was made following the visit last week of a three-man team from the IMF. A spokesman for the government has quoted the Prime Minister as stating that "there will be no need for a devaluation of the Belize Dollar. A release from the Government Information Service offered no details of the recommendations made by the IMF officials. Those details are not expected to be released to the public until after consideration of the pact by the Cabinet. In the meantime, the Government also announced that another IMF team is expected in Belize in March, to prepare agreements for the next fiscal year, which begins on April 1. [Text] [Belize City THE BEACON in English 26 Jan 85 p 3]

**NEW FINANCIAL SECRETARY**---Belize City, Fri. Jan. 18---Belize's Ambassador to the U.S. Edney Cain, and wife Leonie, flew to Washington today where they will spend three weeks tying up loose ends before flying back home. The new UDP administration has tapped the former Accountant General, considered a financial



wizard, for the more critical post of Financial Secretary. He will replace Ed Marshall. [Excerpt] [Belize City AMANDALA in English 18 Jan 85 p 1]

RADIO TIME FOR PARTIES--The United Democratic Party, which is now in Government had criticized the PUP Government time and time again for monopolizing Radio Belize. As a genuine gesture reflecting the good intentions of the Party, the UDP Government should give free Radio Time to politicians of all four political parties (UDP, PUP, TPP and CDP) over Radio Belize especially now that Town Board Elections will soon be held. [Text] [Punta Gorda TOLEDO STAR in English 27 Jan 85 p 4]

UNION AFFILIATION--The National Trade Union Congress of Belize (NTUCB) at its last meeting held on Monday, 14th January, 1985, tabled and approved the application for membership of the Belize Workers' Union (BWU), representing over a thousand sugar workers of our two northern districts. The Belize Workers' Union is comprised of two branches: one in the Corozal and the other in the Orange Walk District, each with their respective branch offices and committees. Mr Eduardo Melendez is the President and Mr. Dwight Levy the General Secretary. On behalf of all our other affiliates, both local and international, our Congress offers to our colleagues of the Belize Workers' Union, its firm support and best wishes. The National Trade Union Congress of Belize is affiliated internationally to the Caribbean Congress of Labour (CCL) and the Inter-American Regional Organization of Workers (ORIT), regional arms of the International Confederation of Free Trade Unions (ICFTU). For greater Trade Union Unity and Solidarity, and for the greater glory of Belize and the working Class, we say Welcome to the Fraternity! [Text] [Belize City THE BELIZE TIMES in English 27 Jan 85 p 7]

CSO: 3298/424

BOLIVIA

INE RELEASES ESTIMATED ELECTORATE FIGURES

La Paz PRESENCIA in Spanish 3 Feb 85 p 9

[Text] The National Institute of Statistics (INE) has reported that there are 2.9 million Bolivians of voting age for the elections scheduled on 16 June.

Women make up 51.4 percent of the total (771,830 in the cities and 730,234 in the countryside).

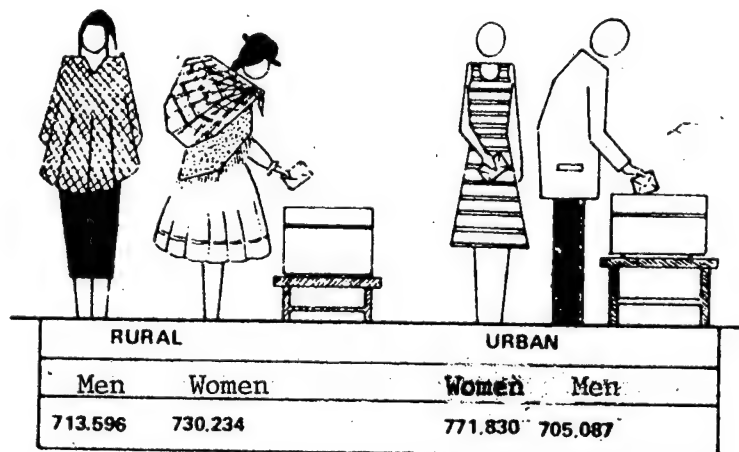
The potential men's vote is 705,087 in urban areas and 713,596 in rural areas.

Under the State Political Constitution, "all Bolivians who have reached the age of 21 or, if married, 18, regardless of their education, occupation or income, are eligible to vote."

The INE estimates that by June the voting age population will total 2,970,747 persons. The estimate does not include citizens between the ages of 18 and 21, who can vote if they are married.

In the 1980 elections, the voting age population numbered about 2.2 million.

Voting Age Population  
BOLIVIA: POBLACION EN EDAD DE VOTAR



National Institute of Statistics  
**INSTITUTO NACIONAL DE ESTADISTICA**

8743

CSO: 3348/390

BOLIVIA

ELECTORAL COURT PRESIDENT AFFIRMS ELECTIONS ON SCHEDULE

La Paz HOY in Spanish 9 Feb 85 p 2

[Text] The general and municipal elections that will be held in the country on 16 June this year will cost more than \$5 million.

The National Electoral Court, whose new authorities took charge last Tuesday, has been reassessing the election timetable and the cost of the balloting.

The Electoral Court authorities have decided to make some changes in the timetable. For example, the preparation of certain materials (registration books, index books, voting cards, etc) will take place from this Monday to the 28th of this month. Registration for political parties and fronts or coalitions will open on 15 March.

Under the revised timetable, during March and April electoral notaries will be appointed, and the list of voters will be checked and drawn up.

Under the schedule drafted by the National Electoral Court, parties and candidates will register between 15 March and 5 April. Article 208 of the Electoral Law now in force states: "The political parties, fronts or coalitions that do not submit their lists within the indicated period shall not be able to participate in the election in question."

Another major aspect of the election timetable that was changed has to do with the multicolor, multisymbol ballot, the work on which will be done between 5 and 15 April.

The cost of the general and municipal elections will reportedly exceed \$5 million.

According to the explanation given to this paper, the court's authorities have devoted their first few days of work to an in-depth study of the outlays that the elections will entail, such as printing up registration books, index books, voter cards. etc.

Special attention has also been devoted to the design of the multicolored, multisymbol ballot, which will also depend on the number of candidates running this June.

So far, we were told, no exact estimate can be made of the outlays for the election, inasmuch as prices are changing from one day to the next. This is why the National Electoral Court has been investigating this problem thoroughly.

#### Registrations

It was reported that as of yesterday none of the political parties had filed with the National Electoral Court.

The following list was furnished to this paper: 1. Oscar Zamora's Revolutionary Front of the Left (FRI); 2. Christian Democrat Party; 3. Nationalist Revolutionary Movement of Unity and Renovation; 4. Communist Party of Bolivia (PCB); 5. Jose Maria Palacios's Socialist Party; 6. Walter Vasquez Michel's and Roger Cortez's Socialist Party; 7. Party of the Revolutionary Left (PIR); 8. Tupac Katari Indian Movement (MRTK); 9. Aponte Burela's Socialist Party; 10. Barrientista Party; 11. Sebastian Mamani Nina's Indian Party; 12. Ramon Conde Mamani's Indian Party; 13. Macabeo Chila's Tupac Katari Revolutionary Movement (MRTK); 14. Jaime Paz Zamora's Movement of the Revolutionary Left (MIR), and 15. Revolutionary Humanitarian Action.

#### Working Against Time

The new president of the National Electoral Court, Dr Edgar Oblitas Fernandez, stated that the court would not allow itself to be pressured in any way and that its authorities, though working against the clock, are determined to see successful elections held.

The court, which took over full responsibility for the elections last Tuesday, is composed of: Dr Edgar Oblitas Fernandez, president, and Dr Dario Rodriguez Telleria, vice president and representative of the Executive Branch. The Judicial Committee consists of Drs Roger Pando (MIR), Walter Rios Gamboa, representing the Senate, and Marcelo Cespedes from the MNR-H. The Administrative Committee is made up of Hernan Melgar from the PCB, Mario Carrasco Marin from the MNR and Guillermo Davalos from the Socialist Party.

Dr Oblitas Fernandez, who is the representative of the Judiciary and who was the consensus choice for president of the National Electoral Court, noted that the court is obviously working against the clock but that it is convinced that the elections can be held on schedule on 16 June, when citizens 19 and older can go to the polls to elect a president, a vice president, senators, representatives and city councilmen.

The court's president reiterated that the general and municipal elections on 16 June would be honest and marked by total impartiality on the part of the members of the National Electoral Court.

BOLIVIA

FEDJUVE LEADER CALLS FOR TRANSITION GOVERNMENT

La Paz EL DIARIO in Spanish 12 Feb 85 p 5

[Text] The Departmental Federation of Neighborhood Committees (FEDJUVE), which is headed by Raul Catacora, yesterday issued a pronouncement denouncing the government of the UDP [Democratic and Popular Unity] for having pursued economic policies that harm the people.

It also called on President Siles to resign and hand over power to a transition government until the general elections.

The following is the text of the document in question:

"The Executive Board of the Departmental Federation of Neighborhood Boards of La Paz, after a thorough analysis of the situation in which poor families have been placed by the recent devaluation that the mismanaged UDP government ordered, makes public the following pronouncement:

"1. Once again the leaders of the UDP have shown their social insensitivity by ordering our currency devalued to a level that is intolerable for the poor, unemployed families in our city and throughout the country.

"2. This move was to be expected, because the platform that the UDP demagogically ran on during its campaign to win votes has been betrayed and replaced by corruption, nepotism, incompetence and other unethical actions that are rampant today in government institutions and enterprises.

"3. The complicity of the leaders for life of the COB [Bolivian Labor Federation] in all of the UDP's devaluations has been laid bare. The expanded assemblies for ordering strikes that fail because they lack clear-cut objectives are a farce designed to distract the attention of the working class and of the people in general.

"For these reasons we have resolved to:

"First: Request that Dr Hernan Siles Zuazo resign as president of the republic and hand over power to a transition government of national

consensus until the general elections scheduled for this June are held and power is transferred to a legitimate constitutional government on 6 August.

"Second: Reject any diversionary general strike and support any grass-roots rally that backs the call for the resignation of the UDP administration.

"Third: Declare a state of emergency in the neighborhood organizations in La Paz and the rest of the country."

8743

CSO: 3348/390

BOLIVIA

UNRESOLVED SITUATION AT COMIBOL PORTENDS SHUTDOWNS, WARN MINERS

La Paz PRESENCIA in Spanish 11 Jan 85 p 7

/Text/ Delegates for mineworkers from the Bolivian Mining Corporation /COMIBOL/ charged yesterday that work in their mines is gradually coming to a halt due to a lack of machinery and spare parts.

Felipe Vasquez and Rufo Rivera, leaders of the Huanuni Mixed Union of Mineworkers, reported yesterday that work in the mine stopped 20 days ago because of a lack of compressed air.

Although the air compressor pumps started deteriorating in November and stopped working entirely at the end of December, government authorities have not authorized the purchase of necessary replacement parts.

"Without compressed air, human beings cannot survive inside the mine, where the air becomes intolerable and poisonous," Vasquez said.

He indicated that the 30-member delegation of mineworkers has been in La Paz since last Monday, negotiating with authorities for approval of the purchase of spare parts, but as of yesterday have gotten nowhere with their demands.

He also said that the mine stores are "completely out of stock."

Rufo Rivera said that the situation in the nationalized mines is the responsibility of the government authorities. "The lack of coordination of the Democratic and Popular Unity Party and its economic policy is leading the country and COMIBOL toward disaster and endangering the jobs of thousands of workers."

He maintained that COMIBOL and government authorities act only under pressure, "so we, the workers' delegates, have decided to go on a hunger strike in the Plaza Murillo if no one will listen to our requests."

He charged that besides a shortage of spare parts and food, there are no medicines in Huanuni. The doctors assigned to that district are only handling emergency cases.



Delegations from San Jose, Pulacayo, Viloco, and Corocoro mines are also in La Paz with similar claims.

Mine leaders, through the FSTMB /Trade Union Federation of Bolivian Mineworkers/ and the COB /Bolivian Labor Federation/, have requested meeting with President Hernan Siles Zuazo to request that promises made to the national workers' organizations be kept.

They claim that the government has not turned over the promised 30 percent of profits to the companies that generate them. With respect to wages, they indicated that lack of control of the black-market dollar has led to a decline in the buying power of workers' wages earned last December.

In conclusion, they warned that the situation of neglect in the nationalized mining industry is endangering the operation of the nationalized mines. "If this situation continues, COMIBOL will cease to function within 2 years."

8587

CSO: 3348/296

BOLIVIA

BRIEFS

ARMY COMMANDER GUARANTEES ELECTIONS--Armed Forces impartiality is the best guarantee that the sovereign will of the people will be carried out at the upcoming elections, the commander in chief of the military, Simon Sejas Tordoya, said yesterday. The commander in chief voiced his concern over recent developments in the country, which have been creating uncertainty among the population and could jeopardize the elections on 16 June. "The Armed Forces are worried about the course that economic, political and social events are going to take. Regrettably, we are forced to say that no one is helping to seek solutions," he said. He added that "we are losing our good sense, our confidence. The Armed Forces, in contrast, have demonstrated their maturity since 10 October 1982, when the democratic process was established," going on to say emphatically that they would abide by the State Political Constitution. Sejas Tordoya stated that everything is normal within the military and that its activities are proceeding on schedule. The new authorities are gradually taking command of their military units, restoring overall order and directing the activities involved in this period. [Text] [La Paz HOY in Spanish 9 Feb 85 p 9] 8743

GOLD EXPORTS--The Bolivian Mining Bank /BAMIN/ exported 900 kg of gold between April and October of this year, BAMIN General Manager Pedro Guevara told PRESENCIA yesterday. The head of the Mining Bank stated that the export of the precious metal was authorized by government decree to generate foreign exchange for the country "only in the period mentioned, between April and October." He stressed that the sale of the gold abroad, through international bidding, was carried out "despite the critical period of strikes and work stoppages" which hampered normal work in public administration. The Mining Bank manager confirmed that the minister of mining and metallurgy, Luis Pomier, is negotiating with the national cabinet for the continuation of these gold exporting operations. "To that end," he said, "the ministry of mines has presented a bill of supreme decree authorizing extension of the sales for a while longer." He based the possibility of continued gold exports on the international market on the increased output of gold mined by the national cooperative producers and amounting to approximately 1,400 kg per year. /Text/ /La Paz PRESENCIA in Spanish 22 Dec 84 p 6/ 8587

CHILE

FINANCE MINISTER APPOINTMENT REAFFIRMS GOVERNMENT POLICY

Santiago EL MERCURIO in Spanish 13 Feb 85 p B-1

[Text] The appointment of Hernan Buchi as the new finance minister, though a "surprise" in the sense that few expected a restructuring of the cabinet at this time, was first thought of nearly 2 months ago, according to background information obtained by "Economia y Negocios." In fact, the appointment almost took place last October, and then in December, when serious disagreements arose in the economic team comprising Modesto Collados and Luis Escobar. Thus, observers of the economic scene conclude that from this standpoint the change was not a "surprise," but simply the public manifestation of a decision made by the president some time ago.

a) What does the change mean? Buchi's appointment essentially is a sign that the government believes it is necessary to reaffirm the economic policy it has pursued for the past 11 years, especially during the 1974-1981 period. The man who until yesterday was superintendent of banks is known to be an advocate of the market economy, opening the economy to foreign trade, low and uniform tariffs, a realistic exchange rate and many other principles that inspired the policy followed during that period.

b) Boost to Modernization Program: It is important to note that Hernan Buchi participated directly, in his various roles as adviser to the Ministry of the Economy, undersecretary of that ministry, undersecretary of health, director of the National Planning Office (ODEPLAN) and superintendent of banks, in many of the most important economic-social modernization efforts the government has carried out. Such is the case, for example, with the reform of the benefit system, the labor plan, the transfer of schools to the municipalities, changes in the health sector and many others. These reforms culminated recently with the "popular capitalism" legislation and the "housecleaning" at the banks subject to intervention, for which Buchi was primarily responsible.

One of the main differences between Buchi and his predecessor is that the former participated directly in the efforts of that 10-year period, and his appointment thus indicates that the economic philosophy that has characterized the present government since its inception is now being reaffirmed.

c) Minister Escobar's Administration: Luis Escobar Cerda is leaving the cabinet after an outstanding performance during a term of just 10 months. Among his achievements were the culmination of the renegotiation of domestic

debts, the imaginative solutions found for the problem of the economic groups and the banks subject to intervention, and in general, the management of the always difficult relations with the International Monetary Fund (IMF) and international banks.

It should be acknowledged that Luis Escobar, especially because of his broad experience and his personal and direct acquaintance with the highest officials of organizations such as the IMF, the Inter-American Development Bank and the World Bank, was able to negotiate agreements that were perhaps more favorable than expected, considering the difficult plight of the country and the heavy burden of its debt. In this regard, except for raising the tariffs to 35 percent, his management of fiscal, monetary and exchange matters followed an orthodox and moderate economic theory. As a result of his administration, moreover, an agreement is about to be signed with the IMF after having been negotiated entirely by the secretary of state who left his post yesterday.

d) Why did he leave? The principal problems that faced Minister Escobar, and that ultimately may have influenced his departure, were undoubtedly his differences with Minister Collados and the control of the expectations of economic agents and businessmen. For example, the excessively high level of imports in 1984 probably was due in part to expectations of continued changes in tariffs, luxury taxes, surcharges, and the like. The problem of "credibility" and "confidence" in maintaining the economic policy conspired, in this sense, against the success of his efforts as minister.

It should also be pointed out that Luis Escobar's departure represents not just a change in ministers or in the team, but also a change in style of economic management. In this regard, we should mention that the former minister of finance came to the cabinet to join the team with Sergio Onofre Jarpa, who also left his post yesterday.

e) Open Reporting of Information: One of the noteworthy characteristics of Luis Escobar's administration, a fundamental part of the new style he brought in, was the open reporting of information in all matters under his jurisdiction. From this standpoint, the public was able to learn about major advances, and matters that the previous secretaries had often unjustifiably kept private and even secret were made public and explained, as should be the case with problems of general interest that affect the majority of Chileans.

It is to be hoped that this openness in reporting economic information will be maintained, and that matters such as the pact with the IMF, which Luis Escobar had promised to reveal in the next few days, will be effectively made public.

8926

CSO: 3348/398

CHILE

## BUSINESS LEADERS GIVE QUALIFIED WELCOME TO NEW MINISTERS

Santiago EL MERCURIO in Spanish 13 Feb 85 p C-3

[Text] Various representatives of the business sector yesterday expressed satisfaction with the appointment of the new ministers of interior and finance, Ricardo Garcia Rodriguez and Hernan Buchi Buc, respectively.

Some indicated, however, that they hoped these changes do not mean a return to economic models followed in the past.

Humberto Saieg, interim president of the Industrial Development Association (SOFOFA), expressed confidence in the abilities of the new finance minister, Hernan Buchi, based on his impression that "there will not be any fundamental changes" in economic policy.

The business leader pointed out that the new head of the Finance Ministry, whom he claimed to know because "he has participated in the economic sector of the government for many years," is an "upstanding young man who will perform well" in the job he is starting.

He noted, however, that in SOFOFA's view "so many changes are disconcerting, because they make people expect modifications; they assume that if there are changes in personnel, there will be changes in policy."

In addition, referring to the prospects for the business sector during Buchi's term, Saieg reiterated that his organization favors a differentiated tariff rate that would benefit raw materials and levy a higher duty on finished goods. "That is something we will continue to insist on," he stressed.

He also added that "if there is something we can express hope about, it is that the massive export promotion plan can reach a successful completion, even resulting in a Statute for Exporters."

He also said that he hoped everything will develop with a certain assurance that the change in personnel will not mean a change in philosophy, he emphasized.

Regarding the accomplishments of the outgoing minister, Luis Escobar Cerda, the interim president of SOFOFA described them as "very good." He concluded by saying that the negotiations with the International Monetary Fund (IMF)

were carried out much more smoothly than before, and that "we were working with greater clarity" in that regard.

When asked if the change in finance officials at a time when an agreement is about to be signed with the IMF could damage the country's interests, the business leader said that it would not, explaining that he expected the negotiations to continue as they have to date.

"Things should have been already 'talked out,'" he said, going on to say that he did not believe that the policy would change very much as a result of a change in ministers.

Regarding the new minister of the interior, Ricardo Garcia, Saieg said finally that he is not in a position to express an opinion on this man because he does not know him.

"I only know that he was an outstanding member of previous governments, but I don't know him well at all, so I cannot express an opinion about him."

#### Chamber of Construction

German Molina, president of the Chilean Chamber of Construction, expressed the view that the new interior minister, who is replacing Sergio Onofre Jarpa, is a person "known throughout the business community, someone who has worked actively in the construction sector. He has even represented Chile at international gatherings."

Concerning Hernan Buchi, Molina stated that he "is a person with whom we have had good relations in all the offices he has held."

He recalled that "we have established a friendship with him in the course of his functions, because he has always been extraordinarily clear and precise."

The president of the Chilean Chamber of Construction concluded by stressing his acknowledgement of the work done by the outgoing ministers, Sergio Onofre Jarpa and Luis Escobar Cerda, noting the effort the two had made to improve conditions in the country.

#### Association of Banks

Meanwhile, the vice-president of the Association of Banks, Ignacio Cousino, had praise for the new interior minister, Ricardo Garcia Rodriguez.

He indicated that "this is an excellent man who has done great things internationally, and who has been particularly outstanding in the area of housing. Politically, he is a very moderate person who will be able to 'calm' people down just when the country needs it the most."

Referring to the appointment of Hernan Buchi as the new head of finance, Cousino indicated that "this is a reasonable move, considering the importance that has been attributed to the Superintendency of Banks in the development of

the capital market. In any case, I might note in dissent that in my opinion, Minister Escobar was doing a truly outstanding job."

#### Retail Commerce

The current president of the National Confederation of Established Retail Commerce, Elias Burgere, expressed "surprise" at the change in ministers.

"We had placed a lot of hope in Ministers Jarpa and Escobar. The new people coming into the cabinet are practically unknown to us, so it would be very difficult to make any judgment," he explained.

When asked if the change in the Finance Ministry could imply any change in economic policy, Brugere stated that "Don Hernan Buchi apparently represents another economic model, which was already tried in this country. We hope his team has drawn some positive conclusions from the previous experience so that it can successfully deal with the serious economic problems that plague the country."

#### Metallurgical Manufacturers

Angel Fantuzzi, president of the Association of Metallurgical Manufacturers (ASIMET), expressed dismay at the departure of Jarpa and Escobar from the cabinet.

"I regret what happened with Sergio Onofre Jarpa, because he had contributed effectively to bringing about the tranquility the country needs to progress. With regard to Luis Escobar, we had had good relations and had begun joint actions that were quite positive, in general, for our economy."

"I am extremely concerned," he added, "that an exponent of the 'Chicago model' like Mr Hernan Buchi is taking over the Finance Ministry, because the consequences of the economic program that was applied in the country years ago still linger. In any case, we will have an opportunity to look at his program in due time, so that we can get a better idea of this change in the cabinet."

#### Valparaiso

Local officials in Region V who knew incoming Interior Minister Ricardo Garcia Rodriguez when he was a student and when he was just beginning his professional career have fond memories of him.

The president of the Regional Bar Association, Eduardo Nino Tejeda, indicated that the new interior minister "was quite studious and always got very good grades."

He studied at Los Sagrados Corazones in Valparaiso, and later, as an attorney, he wrote a thesis on "Inheritance as a Result of Death in Roman Law," Nino indicated.

Although he has lived in Santiago for some time, he is registered with the regional Bar Association in Valparaiso, Nino noted.

"Intelligent, serene and prudent" were the adjectives used by Sergio Nunez, manager of the National Association of Shipowners, to describe Garcia Rodriguez. He met him in college when he took Garcia's course in Roman law. "I was the top student in his class," asserted Nunez.

The well-known attorney from this port, Enrique Aimone Gibson, expressed satisfaction with the appointment.

Thinking back, he recalled that Garcia had been president of the Federation of Students at Valparaiso Catholic University. His excellent record as a student, and later as a professor of Roman law, was praised by Aimone, who added that Garcia worked his way through school.

Alfredo Droppelman, manager of the Association of Manufacturers of Valparaiso and Aconcagua, noted that Garcia's appointment as interior minister "gives rise to great hope that the importance of this region and the need to promote activities here will now be much better understood."

In Droppelman's view, the minister, who comes from a prominent family in Vina del Mar, is a man with "a strict Christian upbringing and very firm principles."

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CSO: 3348/398



CHILE

# MINISTER OF MINES COMMENTS ON COPPER MARKET, PROSPECTS

Santiago ERCILLA in Spanish 30 Jan 85 pp 8-10

[Interview with Minister of Mines Samuel Lira by Andres Adler; date, time and place not given]

[Text] In the last few days, the habitual greeting of "good morning" must have resounded particularly strongly in the ears of Minister of Mines Samuel Lira Ovalle, given the upward trend of copper prices on the London Metals Exchange. After a vertical plunge in the red metal's value, which reached the nadir of the last half-century during the latter half of 1984, hopes were renewed for a return to better days after the price climbed from 59 to nearly 64 cents a pound in a single week.

He is fascinated with the subject of copper. For more than 20 years, he taught mining law at the University of Chile and Catholic University. Since mid-1982, Samuel Lira has headed the ministry at which he served as undersecretary 2 decades ago. He is also chairman of the Intergovernmental Council of Copper Exporting Countries (CIPEC), of which our country is one of the most prominent members, given that it is the world's leading copper exporter.

Calm, affable and serious, Minister Lira welcomed the ERCILLA correspondent into his office for a private interview. Austerely appointed, his office contained a desk strewn with papers and documents, and the atmosphere was punctuated with the clatter of the air conditioner.

[Question] After a long time, finally the price of copper began to recover in recent days. What is the explanation for this phenomenon?

[Answer] Normally, analysts rely on a few parameters to determine the variations or oscillations in the prices of products. In the case of copper, these variables comprise primarily consumption, supply, and available inventories. Our analysis of these variables has been telling us for some time that the price should have been rising, if it behaved the way it usually did in response to changes in these parameters.

[Question] What has happened to these variables?

[Answer] The supply of copper, that is, production, has fallen considerably. At this time, approximately 900,000 tons of installed capacity is paralyzed throughout the world, especially in the United States and Canada.

[Question] And what is happening in terms of consumption?

[Answer] That is also measured, and in 1984 it grew by 9 percent, approximately. There was also an increase in consumption in 1983. The upshot has been a decline in inventories. Today the inventories on the metals exchanges total some 360,000 tons.

[Question] How much is the technically reasonable minimum, and when will we reach it?

[Answer] I think we are already below the reasonable minimum. I will not say very, very far below. But in any case, this trend should have exerted pressure on the price, and it has not done so.

[Question] Why?

[Answer] Possibly because there has been a change in the handling of funds that flow toward the financial markets. The dollar has been the cause, in my view. There is a correlation between the strength of the dollar and the depression of mineral prices. The most accepted explanation is that resources that normally would be invested in metals are being attracted to the dollar.

[Question] So it is not just consumption that determines the value of copper?

[Answer] It is determined by consumption, which is demand, but speculation also helps that demand.

[Question] The rise in copper prices must have brightened your spirits a bit. What is the likelihood that this trend will continue?

[Answer] We must be very cautious in matters such as this. Sometimes there are increases that are merely circumstantial or temporary. I cannot say what will happen. We had better not make predictions, because many experts in this field have already failed by doing so.

[Question] At this time you are also chairman of CIPEC. What role is that organization playing in this situation?

[Answer] We have been trying every means possible to arrive at an agreement among the CIPEC member states concerning their participation in the metals exchanges, aimed primarily at bringing copper prices up to reasonable levels.

[Question] What has been the reaction to this idea?

[Answer] It has been welcomed, but the procedures are not easy to implement. Here in Santiago, last November, this cooperation was agreed upon in principle. Then there was a meeting in Paris, and it was decided to bring the matter up in London so that not only the government side, but also the copper-

producing companies, could determine the formula for participating in the markets.

[Question] What formulas are there in this regard?

[Answer] Of course, there must be some financial commitment to participating in the exchange. We must be very careful, and it is very complicated to discuss possible intervention procedures in public.

[Question] Last year the Copper Corporation (CODELCO) reported that it had intervened directly in the market on one occasion. Has it done so again?

[Answer] Yes. CODELCO has been present on the markets. Basically, what we are trying to do with this participation is to shore up prices.

[Question] And are the other CIPEC countries also carrying out these transactions?

[Answer] Zambia has also reported that it has intervened in the market. Now the idea is for all of the CIPEC countries to propose or formulate a system that would pool everyone's efforts and thus make our participation more efficient and significant.

[Question] Despite the low price, will Chile continue its policy of keeping copper production at maximum levels?

[Answer] We have been trying for 2 years to keep production at current levels, even when various circumstances raise or lower production within a certain range. For example, as we progress in the development of copper deposits, we come up against special situations, such as a decline in the copper content . . .

[Question] Do you mean that, as the copper content falls, we lose part of the comparative advantage of our metals, with respect to the United States?

[Answer] Clearly any decline in content tends to make the work more expensive, but we are taking steps to keep costs from rising. This is one of the great challenges facing CODELCO, and it has taken on the task very efficiently.

[Question] Speaking of the United States, has the case of a group of U.S. copper firms requesting restrictions on copper imports been resolved?

[Answer] It was resolved in terms of the request presented by the 11 companies before the International Trade Commission. But some U.S. congressmen continue to pressure President Reagan. In addition, the United States Trade Act was amended to direct the president to begin talks to obtain voluntary production restrictions on the part of exporting countries, and if he does not initiate such negotiations, he must report to Congress on the reasons for this position.

[Question] Are there talks on this issue?

[Answer] Some efforts are being made by the United States at the ambassadorial level.

[Question] Returning to production, why does Chile object to cutting production?

[Answer] We have opposed these cuts because they are not good for the country, as shown in studies conducted here in Chile and abroad. With a significant production cut, the price should rise, but the country's revenues would decline because of lower sales. In addition, it is absurd in a free and open market to ask the producer who keeps his costs the lowest to lower his production so that the price can rise and the producers with the highest costs can survive.

[Question] With the price hike, the time may come when it will be economically feasible to reactivate the deposits that are now dormant. Isn't there a danger that the cure may be worse than the disease?

[Answer] That is the danger of an excessive rise.

[Question] And to what point would it be appropriate for the price to rise without reactivating the high-cost deposits?

[Answer] It is difficult to say, because that will depend on the behavior of the different variables that may influence the reactivation when the price rise takes place.

[Question] What can be done to provide incentives for the use of copper, a highly recyclable natural resource?

[Answer] There is the problem of recycling scrap, as well as the problems of substitute products, saturation in the use of copper in industrialized countries, and miniaturization, the latter being perhaps the most serious of all. These are the great challenges. While we see the developed countries continue to consume 12 to 14 kilos of copper per capita, the remaining countries--the majority--are consuming 300, 400 or 500 grams per capita. As progress reaches these countries, there will obviously be more copper consumption, as long as we prevent them from using alternatives to copper.

[Question] The Federal Republic of Germany, one of the principal buyers of Chilean copper, decided to use copper instead of optic fiber in its plan to modernize its telecommunications network. What importance do you attribute to that fact?

[Answer] Measures of this kind, adopted by developed countries such as FRG, are very important because they set an example to other countries that may be facing the same alternatives. I haven't the slightest doubt that if Germany chose copper, it did so because it was convenient, not because it benefited copper producing countries.

[Question] Let us return to Chile. There are those who assert that the high tariff has had a severe impact on small- and medium-scale mining. Do you share that view?

[Answer] I am of the opinion that we must seek some formula to prevent the exportation of taxes. The rise in tariffs affects the costs of mining, 50 percent of which are generally represented by imported inputs. We must seek a formula that will enable small and medium mining companies to recover that kind of taxes, because otherwise the competition will be too tough.

[Question] Is it possible to extend the benefits of Decree-Law 409, which permits the deduction of the amount of tariffs from imported inputs, to the mining sector in general?

[Answer] Decree-Law 409 is applicable to that part of the mining sector that makes direct exports. But all small mining firms, and a very significant portion of medium firms, sell to the National Mining Enterprise (ENAMI), which exports the product, and do not receive the benefit . . .

[Question] Isn't it possible to reverse that situation?

[Answer] We are working on it. The modifications of Decree-Law 409 are under study, and I hope we are able to solve this problem satisfactorily.

[Question] Don't you think the recent provision allowing for the recovery of the Value-Added Tax for the purchase of capital goods only if they are in production, is a disincentive for investment?

[Answer] It does raise the costs of investment.

[Question] It has been noted that the mining sector has virtually full employment, and there is even a shortage of skilled labor in some cases. How do you explain this, at a time when the national unemployment rate is still high?

[Answer] It is surprising, considering that mining is in a depression worldwide. It is explained by two reasons: the high quality of our mines, and the low costs we have attained as a result of mechanization, modernization and the application of new technologies.

[Question] Speaking of costs, small and medium mining operations are complaining that the rates charged by ENAMI are too high . . .

[Answer] Well, ENAMI has made many studies of how to bring down costs in the best way possible. ENAMI's fee schedule is normal. It is logical for a miner to ask ENAMI to bring down costs further so that such reductions can be passed on to prices. This is only natural, and I think this is good, because that is how to pressure and push ENAMI to be more efficient.

[Question] What lessons has the minister learned from the crisis in the world mining sector and its implications for Chile?

[Answer] It is a good idea to bear in mind that joint efforts by the government sector and the private sector in the area of mining during this slump in international prices have enabled the mines to keep operating not only at normal levels, but at levels that place Chile in the vanguard as a copper producer. Moreover, the country is among the ten leading gold producers in the world, and is also among the top ten silver producers.

[Question] The 3-year program called for a growth rate of 0.2 percent in this sector in 1984, and it ended up being 3.9 percent. What are the prospects for this year?

[Answer] Last year's growth rate was noteworthy, considering what is happening in all mining countries. I would say that we are emerging from this situation with flying colors. We should take some measures, however.

[Question] Like what?

[Answer] Lowering production costs. That is my greatest concern. By the end of February I hope we will have defined the framework within which the mining sector must work to lower costs.

[Question] And what will be the growth target for 1985?

[Answer] It is difficult to make predictions, so I prefer not to give figures prematurely.

8926

CSO: 3348/374

CHILE

1984 EXPORT MARKETING RESULTS IN VARIOUS SECTORS NOTED

Total Exports Dropped

Santiago EL MERCURIO in Spanish 3 Feb 85 p A-3

[Excerpt] In 1984 the value of exports reached \$3.635 billion, a drop of 5 percent below last year's level. This figure is the lowest of the last 6 years, and gives rise to concern about the modest development of this sector since the end of the last decade.

It would certainly not be fair to evaluate the performance of Chilean exports without taking into account the significant influence of variations in the international price of copper, which continues to constitute a major share of the total value of our sales abroad.

It should be noted that this past year the red metal accounted for approximately 44 percent of total revenues from exports, and the price of copper was practically 10 cents lower than it had been the previous year. Thus, excluding exports of our principal mineral from the analysis, we find that the remaining exports rose in value by about 4.7 percent.

Non-traditional Exports Increased

Santiago EL MERCURIO in Spanish 4 Feb 85 p C-3

[Excerpt] Non-traditional exports attained the highest share ever of our country's total sales abroad in 1984, accounting for 36 percent of all products exported to international markets.

This percentage is even higher than the historic level achieved in 1980, when a record 32 percent of Chilean exports were non-traditional products.

This was reported by the director of the Institute for Export Promotion (PRO-CHILE), Ernesto Rendel, who explained that the amount of non-traditional goods sold abroad last year "is the highest figure in our history," and stems from the fact that in the last 4 years, non-traditional exports have declined less than traditional ones.

## Agricultural Sector Grew

Santiago EL MERCURIO in Spanish 3 Feb 85 p A-1

[Excerpt] Agricultural exports grew by 23.6 percent in 1984. This means that the country's revenues from those products climbed from US \$656 million in 1983 to US \$811 million last year.

As for imports, they fell from US \$510 million in 1983 to US \$463 million in this past season. Import substitution is expected to bring down that total to \$360 million this year.

This was stated by Agriculture Minister Jorge Prado Aranguiz, who stressed what he called the "spectacular growth" of the sector during the last season, and the promising outlook for the future.

## Horse Market

Santiago EL MERCURIO in Spanish 4 Feb 85 p C-5

[Excerpt] The exportation of Chilean horses to the Latin American market is not just a possibility, but an actual fact, as indicated by the sale of some 100 registered animals of high caliber to various countries in the Southern Cone in the last 3 years.

This was stated by the director of the Chilean Association of Domestic Breed Raisers, Alberto Araya, who noted the excellent price that national horses bring on the foreign market. Their average value fluctuates between 500,000 and 2.5 million pesos.

8926

CSO: 3348/374



CHILE

NATION SELF-SUFFICIENT IN CORN, RICE, MEAT, SUGAR PRODUCTION

Santiago TERCERA DE LA HORA in Spanish 3 Feb 85 p 8

[Article by Carlos Sepulveda Vergara]

[Text] "There is an atmosphere of dynamism, dedication and investment in the agriculture sector. It has undergone an extraordinary turnaround to the benefit of the country. Farmwork has become a respectable job, and during this season there is a shortage of manpower to harvest the fruits of the mother earth. We have achieved self-sufficiency in four major food categories, and similar results are expected in several other categories. The prospects for the immediate future are good."

These simple words by the man who was primarily responsible for drafting and executing the most effective policies of recent times clearly define the present situation, which has been brought about in just 2 years in the agriculture, livestock and forestry sector. Jorge Prado, who has served as minister of agriculture for more than 3 years, is proud of the figures he cites.

"When we implement an agriculture policy," he says, "the bottom line, the final reckoning of this entire process, is knowing how much we have been able to export and how much we no longer need to import. That is the balance of trade in the forestry, agriculture and livestock sector. These figures are very influential, and I think they are self-explanatory.

And they are.

The results appear below in what could be termed a table of honor:

Balance of Trade in Forestry, Agriculture and Livestock  
(Millions of Dollars)

Year	Exports	Imports	Surplus
1982			30
1983	656	50	145
1984	811	463	350
1985*	902	363	540

\*Estimate

## Exports

Minister Prado explains that the agriculture policy in general has two major categories: all export products and all products that replace imports.

The former category has been given special attention through ProChile and the export committees, enabling the agriculture sector to account for 20 percent of all the country's exports. This, indicates Prado, is the fastest-growing sector, despite all the problems in prices, markets and foreign and domestic factors.

Its importance has risen tremendously in certain areas. For example, 2 years ago we were exporting about 2 million crates of fruit, whereas this season we will reach a total of 52 million crates. In the forestry sector, about the same thing is happening. Thus, the sector has progressed rapidly in terms of exports, going from a total of US \$656 million in 1983 to US \$811 million in 1984. The projected total for 1985 is US \$902 million.

Furthermore, the sustained growth in the fruit and vegetable sector is backed by the extraordinary progress in agroindustries. Last year 140 such companies were formed, with an investment of US \$78 million, and of them 102 are basically in the fruit growing industry.

## Imports

There has also been a spectacular turnaround in the import substitution sector. Chile's production in the so-called annual, or traditional, categories had declined considerably.

"The tide has been rising," states the minister, "and we have seen a strong growth in recent years. Thus, in 1984-1985 400,000 hectares were added to the area under cultivation compared to 2 years prior to then. This has given increased importance to areas that had had insufficient production previously. Some have grown more than others, but in general the process has been quite even and harmonious, another of our objectives; we wanted to ensure that the farmer had a wide range of possibilities to choose from."

Within the import substitution policy, more emphasis has been placed on the categories in which the country faced shortages. It was against this backdrop that the bands of prices were established for wheat and oleaginous seeds. As a result, wheat production this season amounts to at least two-thirds of the country's demand, with a total of between 13 and 14 million quintals. If the latter figure is attained, Chile will have produced the highest amount in its history. As for oleaginous seeds, where there had also been a significant decline, production is bordering on 40 percent of domestic consumption, with about 40,000 hectares under cultivation.

In this way, these two categories still have a lot of growth potential without fear of surpluses in the short run.

Meanwhile, the country is already self-sufficient in corn, rice, meat and sugar.

## Self-Sufficiency for Present

We asked the minister about the wisdom of producing surpluses in certain areas, and what problems would arise.

"I hope," he responded, "that I can explain the situation clearly enough to convince producers not to grow more than the country needs."

"Let me explain why," he went on. "Chile, because of its geographic location, its infrastructure conditions and the strong competition from neighboring grain producing countries, would have a hard time exporting these products. Of course, when we import a product we have the freight and tariff in our favor, but when we export, just the opposite happens: the tariff and freight costs are against us."

He continued, "I would like to take this opportunity, provided by LA TERCERA DE LA HORA, to pose this problem and to encourage farmers to plant the crops we are short of, for which we do not foresee surpluses in the short term."

He also stressed that the Agriculture Ministry will continue supporting the cultivation of products that are in short supply, such as wheat and oleaginous seeds. He rejected the notion that there might be problems in this area, because the different crops can be grown in the same regions.

## Storage

Claiming that current buying power will be maintained, Minister Prado stressed the lack of problems in the storage infrastructure. "In past years a large number of warehouses, silos and storage facilities have been built in this country," he noted. "In wheat, I think we have more than enough facilities to meet our needs. In terms of wine, in a normal year we have nothing to worry about," he said.

8926

CSO: 3348/398

CHILE

BRIEFS

NAVAL CHANGE OF COMMAND--Talcahuano--In a ceremony in the Plaza de Los Heroes at the Talcahuano Naval Base, there was a change in command of the General Staff of Naval Zone II. The chief of that staff, Capt Ricardo Kompatzki Contreras, who has been transferred to the post of commander of the naval vessel "Araucano," turned over his functions to Capt Rene Maldonado Bouchon. The commander of the destroyer "Prat," Capt Adolfo Cruz Labarthe, served as intermediary in the change of command. The top officials of the Naval Zone participated in the ceremony. [Text] [Santiago LA NACION in Spanish 3 Feb 85 Regional Supp.] 8926

CSO: 3348/398

COLOMBIA

BETANCUR REJECTS OPPOSITION DEMAND FOR CABINET POST ROTATION

Bogota EL TIEMPO in Spanish 24 Jan 85 pp 1-A, 17-A

[Article by Jesus Medina S., EL TIEMPO newspaper editor]

[Excerpt] The Liberal National Directorate [DNL] had a serious confrontation yesterday with President Belisario Betancur during a heated meeting when the political leadership asked the president to rotate the ministers in order to establish parity in high government posts.

One of the DNL members said that the meeting, called by the president to discuss the agenda of the extra sessions of Congress and the ministerial crisis, "was unpleasant and tense."

The directors asked Betancur for a political rotation of the ministers because of the imminent cabinet crisis, handing him a document showing the bureaucratic distribution of high government posts. According to that study, Liberalism is at a disadvantage in relation to Conservatism.

In reply to the DNL's request, Betancur warned that he is the head of state and said, "Don't come to me with threats since it was I who won the 1982 elections."

The president also told the DNL that there will be no rotation of ministers and he indicated that none of his closest collaborators will withdraw.

However, in view of this statement, the Liberal directors pointed out that it is not the ministers but the president who decides when there will be a crisis and they reminded him, mentioning the Ministry of Mines and Energy, that "it is not healthy for portfolios to remain in the hands of any one party for a long time."

Concerning the complaints regarding the failure to establish parity, Betancur, according to the DNL spokesman, said, "I have information which is different from yours."

Also, the president spoke of the agenda for the extra sessions of Congress. He informed the DNL that the bills from the president are already at the printer's and that he will send them copies in the near future.

At this point, the Liberals said that "there was no reason to continue the conversation" and they also expressed their dissatisfaction with the president's attitude in "leaving us to be the last ones to be summoned to discuss matters of vital importance for the country's development."

Betancur met last Tuesday with the head of New Liberalism, Luis Carlos Galan Sarmiento and yesterday at noon with the National Conservative Directorate to discuss the same matters.

During the meeting, the DNL were at the point of leaving the Palacio de Narino after the president told Ernesto Samper to "stop acting like a child."

After the meeting, the Liberal directors said, "The party is not willing to subject itself to being treated like a pack of rebels again" and they implied that they would have no further talks with President Belisario Betancur.

Senator Alberto Santofimio Botero said that the Liberals have made no commitment regarding the agenda nor regarding the success or failure of the extra sessions of Congress.

He added that evidently the president agreed with the DNL's suggestion that the cabinet adjustments should be made before the extra sessions of Parliament are held, which will be in the middle of March.

9204

CSO: 3348/359

COLOMBIA

POLL SHOWS 83.1 PERCENT PESSIMISTIC TOWARD CURRENT SITUATION

Bogota EL TIEMPO in Spanish 17 Jan 85 pp 1-A

/Article by Guillermo Perez/

/Text/ The great majority of Colombians (83.1 percent) think that things are "going badly" in the country, while 55.5 percent think the economic situation "has worsened"; and 52.2 percent think that in the future things will be "worse than now," according to a poll conducted by the National Information Center.

The poll, which was made public yesterday by the Institute of Liberal Studies, was conducted in December 1984 in the cities of Bogota, Medellin, Cali and Barranquilla.

Of those polled, whose number was not revealed, 35.7 percent said that their situation continues unchanged; 57 percent think it has worsened; and 9.1 percent think it has improved.

Only 16.9 percent think that things are better, while 79.6 percent of the people of Bogota and 86.8 percent of those in other cities said that things "are going badly."

As for the future, 15.9 percent of those polled see it as better than at present, 28.9 percent the same as today and 55.2 percent see it as worse. In Bogota, the future is seen as better by 19.7 percent and in the other cities by 11.9 percent; the same as now by 26.2 percent and 31.8 percent, respectively and worse than now by 54.1 percent and 56.3 percent.

Thus, the people of Bogota are slightly less pessimistic than the inhabitants of the other three cities.

8143  
CSO: 3348/312

COLOMBIA

STRIKE THREATS BRING GOVERNMENT MEDIATION IN 6 BUSINESSES

Bogota EL TIEMPO in Spanish 23 Jan 85 p 6-A

[Article by German Navarrete]

[Text] The Government has declared the Ministry of Labor to be practically in a "state of emergency" so as to encourage its main experts in labor-management conflicts to make special efforts to prevent the strikes announced by the labor unions in six public and private enterprises.

The increase in the nation's labor unrest, which was reported yesterday by EL TIEMPO, was analyzed by the Council of Ministers. At the meeting, President Belisario Betancur requested that Oscar Salazar Chavez, minister of labor, coordinate action designed not only to solve the current labor conflicts but also to guarantee peace in the country's labor sector during 1985.

The president's decision was made precisely at the time when negotiations on the list of demands which the Workers Trade Union [USEO] had presented to the Colombian Petroleum Enterprises [ECOPETROL] was beginning to create bitter confrontations between labor leaders and the authorities in the interior of the country and at the same time as announcements of new strikes were proliferating.

A meeting yesterday noon of labor leaders representing teachers and port, railroad, petroleum and state workers ended with the decision to take advantage of the current labor-management conflicts to intensify the dissatisfaction of the state employees who reject a wage adjustment of 10 percent (average) and of the private sector unions who share this concern and to promote a mobilization of the unions on 29 January and a national strike of state workers on 25 February.

President Betancur told the Council of Ministers that the government, in spite of its economic difficulties, has made a special effort to raise the wages of the lower paid public servants, has frozen the salaries of high officials and has supported the CTC [Confederation of Colombian Workers, the UTC [Union of Colombian Workers] and the CTG labor federations in their requests for wage increases of 20 percent for private sector workers.



## Mediation in 6 Enterprises

To accomplish this objective, Minister Salazar Chavez has ordered the joint action section of his office to take charge of the situation after making a case by case analysis, in order to report today to the President on action taken to assure peace in the country's labor sector.

To carry out this emergency plan, director general of labor, William Cruz Suarez, and the coordinator of government mediation in labor conflicts assigned the following experts in labor-management agreements to the enterprises where lists of demands are being negotiated:

--Luis Benicio Jimenez to Alcalis de Colombia," an enterprise where yesterday the union announced a possible reduction in output due to the deadlock in negotiations on the list of demands presented 5 months ago. The talks have stopped because the enterprise is following the presidential directive on a weighted 10 percent wage readjustment, and the union demands a 26 percent increase.

--Guido Mendoza to INTERCOL, where union director Saulo Gutierrez said that negotiations were stalemated and the workers had declared a state of pre-strike for tomorrow. The enterprise pays a flat wage but now the union demands bonuses, educational and health subsidies and other fringe benefits for the workers. The enterprise believes that its workers are the best paid in the sector and seeks an agreement to maintain the conditions which have prevailed up to now.

--Angelica Escobar to "Colpuertos" of Bogota where the enterprise alleges that the union is demanding a salary readjustment higher than that requested by the maritime terminals unions although they have less heavy work; and for this reason it is not willing to grant the requested increase.

--Luis Felipe Correa to the Central de Mezclas y Derivados where Luis Portela, president of the union, announced that with the termination of the conciliation stage without an agreement, the workers are now entering a pre-strike stage due to the low wage readjustment offered by the enterprise.

--Gloria Lizcano to "Palmas Monterrey" at which a labor-management agreement would facilitate the settlement of labor conflicts at Oleaginosas Hipito, Palmeras de la Costa and Induplama because the products all fall under the same hiring system during the harvest period.

--Hernando Gomez to "Palmeras de la Costa" where there is unrest due to the lack of progress at "Palmas Monterrey" and lack of an agreement between the union and the management committee of the enterprise.

## USO Requests a Postponement

At ECOPETROL, meanwhile, talks are continuing in an atmosphere of tension in view of complaints against Roberto Smalbach with regard to an attack against worker Carlos Garcia. The USO said that Smalbach "was a member of the police operating from one of the enterprise's motor vehicles." There was also tension resulting from charges of subversion against the USO leadership at Cantagallo, Bolivar. In rejecting these circumstances the USO announced that it was requesting the postponement of the direct settlement stage, beginning 29 January, so as to continue negotiations on the list of demands.

9204

CSO: 3348/359

COLOMBIA

# FENALCO BOARD ISSUES STATEMENT ON MAJOR ECONOMIC PROBLEMS

Bogota EL TIEMPO in Spanish 6 Feb 85 p 4-B

[Text] The nation's businesses will firmly resist demands for contributions to the subversive movement, announced the National Federation of Businessmen (FENALCO) yesterday in a document in which it expresses its concern about 10 basic problems affecting the association and the country.

All the regional presidents of FENALCO met in Villa de Leyva to discuss the national problems, and expressed "consternation about these unacceptable demands, which contain veiled threats."

"The insecurity and subversion are still present," they added, explaining their skepticism about the process that is aimed at restoring peace. They expressed support for these efforts, but called for "a firm stance by the government to enforce the constitutional precept of respect for the lives, honor and property of all citizens."

They also criticized an "unprecedented" increase in smuggling and the "unfair competition represented by direct sales from factories, which has led to undesirable economic concentrations with monopolistic ramifications," and attributed this development to the implementation of the Value Added Tax (IVA).

FENALCO announced an offensive to protect free initiative, asserting that "private enterprise has been losing ground." It cited the example of the Agricultural-Livestock Marketing Institute (IDEMA) participating in the marketing and importing of grains, "replacing private businessmen."

It stated that the fact that the agricultural growth rate in 1984 was less than the population growth rate represents a serious threat to the country, and predicted that recovery and major exports will not be possible without the promotion of production in the rural sector.

It reiterated its belief that business has been the principal victim of the new taxes, which have caused "severe disruptions of our activity." Referring to the special session of Congress that will begin on 12 March for the purpose of finding a definitive solution to the fiscal crisis, FENALCO stated that "Parliament cannot be so absurd as to load new burdens on the already

overwhelmed taxpayer." Instead, it proposed cutting public spending as a means to correct the problem.

Businessmen have no doubt that "the structural stability of the Colombian financial system is being threatened, and along with it, the solidity of the entire productive apparatus," because the recession has made it impossible to repay loans and reduced the amount of money available to loan, forcing debtors to pay with property and raising to dangerously high levels the number of loans whose collection is doubtful.

"The government faces the urgent task of combining a policy of operating the financial system in a healthy manner and attempting to expand its fresh capital resources," stated the association.

Import restrictions have hit the business sector especially hard, it added, and reiterated the need to undertake a "thorough reform" of the administration of imports. On the external front, there is an "instability of policies," it observed, and it cited the example of the elimination of the Tax Rebate Certificates (CERT) (which stimulated exports by providing tax credits), in the case of trade that took the form of exchanges.

Government offices are still disorganized because of the lack of planning and coordination, it noted. Delays in customs processing are costly. "Customs officials now are withholding more than 2 billion pesos from importers for reimbursement of higher prices paid."

This is the first joint pronouncement of all the regional presidents of FENAI.CO, who constitute the national board of directors.

8926

CSO: 3348/383

COLOMBIA

COMPTROLLER ANALYZES DEFICIT, WARNS AGAINST SOCIALIZATION

Bogota EL TIEMPO in Spanish 8 Feb 85 pp 1-A, 4-B

[Article by Carlos Pineros]

[Text] The national government's actual revenues and expenditures in 1984 yielded a deficit of 212.806 billion pesos, most of which was covered with credit resources, revealed the General Accounting Office of the Republic yesterday.

In addition, the head of that office, Rodolfo Gonzalez Garcia, stated yesterday in Neiva that "Colombia cannot continue to play around with socialization." He once again assailed the government's economic policy, and contended that it should not persist with this "insane cycle" of new taxes.

Despite the major efforts by the government and Congress to prevent the paralysis of the administration and of investments for lack of funding, the budget ended up with a deficit of 43.433 billion pesos, and the national treasury ended the year with a deficit of 37.176 billion pesos (which will have to come out of the 1985 budget), resulting in a total deficit of 249.982 billion pesos.

According to figures released by the Finance Ministry, last year's budget went from 435.76 billion pesos in January to 554.26 billion pesos in December, a 27 percent increase over the 1983 total. This means that the budget's real growth (in other words, adjusting for inflation) was nearly 10 percent.

Investment spending originally totaled 150.886 billion pesos, but was reduced by a net 19 billion pesos after cuts in June and September and additions in December, as part of the government's strategy for dealing with the fiscal deficit. The deficit was reflected in a higher growth in outlays than in revenues. In real terms, then, investment was lower than in 1983.

The deficit of 212.806 billion pesos was financed with monetary resources (flotation) totaling 161.339 billion pesos, from the following sources: foreign credit (19.080 billion); Public Investment Fund (18.738 billion); legal lines of credit from the treasury, economic reactivation lines of credit and lines of credit to replace lower foreign revenues, all of which constitute gross credit from the Bank of the Republic (62.524 billion); the balance of

the special exchange account (4.784 billion); and the Bank of the Republic's guarantee of National Savings Certificates (TAN) (56.213 billion).

Non-monetary resources accounted for 57.004 billion pesos of the deficit financing, derived from TANs (53.801 billion) and bonds (3.203 billion). There was a discount of 5.537 billion pesos for variations, deposits and cash, resulting in a net monetary impact on the 1984 budget of 115.548 billion pesos.

Actual spending totaled 510.089 billion pesos, 32.7 percent more than in 1983, and ordinary resources totaled 297.283 billion pesos, 25.8 percent more than the previous year.

As a consequence, the deficit grew by 43.5 percent in 1984, and represented 71.6 percent of ordinary revenues. These are the highest figures in recent years.

#### Finance Ministry Figures

According to the statistics released by the Finance Ministry, operational expenses totaled 334.821 billion pesos, while the servicing of the debt (interest and principal) added up to 68.553 billion pesos.

Against the total budget, agreements to pay or payment orders were issued for the amount of 488.479 billion, 88 percent of the total. Finally, actual drafts amounted to 468.016 billion pesos, 84 percent of the budget.

In addition, the government amassed reserves of 58.63 billion pesos. This means that during 1984 commitments were signed and authorized to spend these additional sums, but they were not actually disbursed that year. Their payment will be effected during 1985, but in accounting they will be charged to the 1984 budget.

In 1983, the initial draft budget totaled 329 billion pesos; the final budget, with the additions that are traditionally made throughout the year, totaled 419 billion pesos. Thus, the increase amounted to 27 percent, but considering that inflation was 24 percent in 1982, the actual growth was only moderate.

The Finance Ministry, in the aforementioned final report on the execution of the 1984 budget, made an unusual suggestion. It proposed that, with respect to the changes in totals, "the possibility of determining the origin of spending by agency and by budgetary category be studied with a view to controlling the projection of additional budgetary adjustments on that basis, and to planning the initial draft of the basic budget for 1986."

Basically, the public finance ministry was advocating a more careful supervision of the execution of investment spending, considering that a little more than 60 percent of investments in the budget are administered and executed by agencies in the decentralized sector.

The ministry's report notes that 88.293 billion pesos was allocated for personnel services, of which spending agreements totaling 86.574 billion were approved; but in 1984, 85.7 billion pesos were actually disbursed.

A total of 16.902 billion pesos was appropriated for overhead; 13.525 billion in spending was approved, and 12.83 billion pesos was disbursed. According to these figures, spending for overhead was cut by approximately 20 percent, but it should be noted that the government amassed reserves for operation, investment and debt service spending totaling 56.633 billion pesos that will be paid out in 1985 but charged to the 1984 budget.

Within the budget, 298.178 billion pesos was appropriated for transfers to other levels of the public sector; 280.021 billion pesos in spending was approved, and 271.978 billion pesos was actually paid out. Thus, there is a difference of 18.156 billion pesos, and it was reported that 9 billion pesos will be paid in sales taxes.

Allocations of ordinary resources for investment totaled 43.32 billion pesos; of that amount, 36.157 billion pesos in spending was approved, and 33.672 billion pesos was disbursed. In the same category, investment, 54.164 billion pesos in internal credit was allocated; 41.86 billion pesos was approved and 40.46 billion pesos was disbursed.

In terms of external credit, 53.401 billion was appropriated, 30.339 billion pesos was approved, and 23.337 billion pesos was paid out. This means that only 43.7 percent of the investment budget for foreign credit funds was actually implemented. It should be noted, however, that the government amassed reserves of 22.807 billion pesos in the 1984 budget.

The total investment budget, including ordinary resources, internal and external credit, amounted to 150.886 billion pesos in allocations; 108.357 billion pesos was approved, and 97.506 billion pesos was disbursed.

Based on the figures compiled by the Finance Ministry, only 64.6 percent of the investment budget was executed, with a balance of 42.528 billion pesos in allocated funds. It should be noted that this budget included nearly 20 billion pesos in investments for the national defense sector, which in previous years did not appear in the budget.

8926

CSO: 3348/383

COLOMBIA

ECOPETROL, OCCIDENTAL TO INTENSIFY EXPLORATION, DRILLING

Bogota EL TIEMPO in Spanish 18 Jan 85 p D-12

[Excerpt] ECOPETROL [Colombian Petroleum Enterprise] and the U. S. company, Occidental Petroleum Corporation, will intensify the exploration and drilling of wells in Colombia this year to extract larger quantities of oil and place them on the international market quickly in order to contribute to the economic recovery of the country.

This was learned yesterday from the recent meeting between President Belisario Betancur and the president of Occidental, Dr Irani, in Bogota. The latter informed the president on the status of the projects that his company advances in association with ECOPETROL for the exploitation of discoveries in Arauca.

Irani's reports to the president made the latter express greater optimism on the economic future of the country as a result of the favorable international prices for fuels.

The first discoveries in Arauca by Occidental de Colombia, a subsidiary of Occidental Petroleum Corporation and operator of the Cravo Norte contract in association with ECOPETROL, were made public in 1983.

The first discovery, Cano Limon, was made after Occidental had invested \$70 million in the country for oil exploration. This included more than \$42 million in large-scale activities in the practically unexplored eastern plains.

At its own risk, Occidental identified the most promising oil area that Colombia has now. When Occidental began its activities in the plains in 1980, this was an area of little interest to the majority of the international oil companies. However, many companies are now searching for oil in the plains.

The projects already begun and those that are planned include a broad network of highways in the Arauca area at a cost of more than \$15 million. This will convert the old desire of the people of Arauca to have good land communication with the rest of the country into reality.

Ten Producing Wells

The development of Cano Limon and additional explorations in the area are being carried out with three drilling machines. Of the 12 wells drilled so far,



10 have been productive. Eight of them yielded a combined production rate of 52,900 barrels per day in tests.

The results obtained from the additional wells, Yuca 4 and 6, have also been positive. They are ready for production tests. Matanegra 3 and Palito 1 wells were not productive but served to determine the northwestern and southwestern boundaries of the productive formations as well as to confirm the reserves originally estimated.

The year 1984 culminated with a new discovery, Redondo 1 well, located adjacent to Cano Limon. Production tests are now being done in several zones of that well.

#### Five New Exploratory Areas

For 1985 Occidental and ECOPETROL have outlined a drilling program for additional wells. Colombian companies are designing the production installations, camps, offices, shops, etc. This design is in its final stage. The projects should be completed by the end of this year with significant participation by national enterprises. The 1985 program includes the drilling of five new exploratory areas.

Construction of the pipeline that will transport the Arauca production to the junction with the national network at Zulia River was awarded through international bidding to the German firm Mannesman. It must do this work under its exclusive responsibility with a contract stipulating delivery by December 1985.

Excluding the costs of the pipeline, the investments by Occidental and ECOPETROL in the Cravo Norte association are estimated at \$114 million; \$70 million of this are for contracts with national companies and the acquisition of equipment and materials made in Colombia.

The rest of the investment will be used to import indispensable machinery and parts that are not produced in Colombia. The country will receive about \$15 million in import taxes and customs for this machinery and equipment.

7717

CSO: 3348/312

COLOMBIA

ECOPETROL DIRECTOR SURVEYS 1984 ACHIEVEMENTS

Bogota EL TIEMPO in Spanish 19 Jan 85 pp 1-A, 7-A

[Article by German Navarrete, editor: "New Oil Discoveries in Colombia"]

[Text] ECOPETROL [Colombian Petroleum Enterprise] discovered two new oil fields in their reserve zones of Meta and Magdalena Medio. It announced that it hopes to stipulate how much they will increase fuel production and reserves in the country within 2 weeks. Reserves today total 1.05 billion barrels.

Rodolfo Segovia Salas, president of ECOPETROL, noted that although 1984 was the "Banner Year" for Colombia in exploration for hydrocarbons, "1985 has started on the right foot" due to factors like the following:

At Suria 1 well in the Apiay-Ariari subbasin in Meta, ECOPETROL found three formations that contain hydrocarbons.

At Gala 1 well located a short distance from the Barrancabermeja refinery in Magdalena Medio, ECOPETROL found oil deposits that are easy to extract and transport.

The German firm Mannesmann resumed the construction of the 298 kilometers of the Cano Limon-Zulia pipeline last week working in three shifts with the protection of the authorities. This guarantees that everything will be ready by December of this year to transport 90,000 barrels per day from the oil fields in Arauca to the junction with the national network at Zulia River. This pipeline will permit the country to benefit from the most important oil area it has now in order to revitalize its economy and generate employment.

The exploratory drilling that is being carried out in Meta--at wells named La Libertad 1, Guatiquia 1, La Reforma 1, Llanos 1--and drilling planned in Casanare--Centaurus 1, Rancho Hermoso 2P and La Punta 1 wells--should mean an increase in hydrocarbon reserves and, consequently, the productive potential in the eastern plains.

Pressurized water will soon be injected in the northern zone of the Casabe field near Barrancabermeja to extract the crude oil stored almost 40 years after its exploitation began. Although its primary production is almost

exhausted, Casabe still retains 82.2 percent of the crude oil in situ and tests so far indicate that 70 million barrels of oil or more could be obtained through secondary recovery. This is equivalent to the discovery of a field with large recoverable reserves.

#### 1984 an Exceptional Year for Colombia

Segovia Salas gave an evaluation of the oil year in Colombia for the national and international press. He said: "It has clearly been exceptional because profits increased, imports decreased, explorations met unprecedented success and there was an unprecedented record in commercial wells drilled."

Segovia Salas said: "The Cano Limon discovery, the most important oil reserve in Colombia in recent years, obscured the fact that ECOPETROL had unprecedented success in finding oil in its reserve zones." He explained:

"At Apiay 8 well, signs were found that we had not seen before. After doing the respective work, we found very light oil that had evaporated before. Now we can obtain a condensate of excellent quality and gas. It is likely that there is more oil throughout the basin. There is no question that we have found another field whose capacity will be determined later.

"At Gala 1 well, the distance from the refinery is so short that the oil could practically be transported by hand. This is very favorable from the economic point of view."

#### Profits of 2.6 Billion Pesos

After explaining that the associated companies have invested \$2.3 billion in oil exploration and exploitation and taken out \$650 million, Segovia Salas revealed that this left \$1,605,000,000 [as published] for Colombia. He called this "spectacular for the country."

This official pointed out the work done by the associated companies running the risks of exploration and exploitation. He revealed that, in 1984, the average daily production of oil was 167,000 barrels, about 10 percent more than in 1983 when it was only 152,000 barrels daily. A daily average of 177,000 barrels is expected in 1985.

He then revealed that the economic results for ECOPETROL were very favorable. He said that the figures speak for themselves:

In 1983 ECOPETROL recorded profits of 822 million pesos. In 1984 these profits rose to 2.6 billion pesos.

In 1983 the debt was \$723.9 million. This went down to \$632.9 million in 1984.

Purchases from Venezuela of approximately 25,000 barrels of oil per day in 1983 went down to between 15,000 and 18,000 barrels per day in 1984.

While national consumption of regular and extra gasoline recorded a rate of growth of 4.3 percent in 1983, it fell to 2.7 percent in 1984. This demonstrates that the citizenry followed fuel conservation recommendations.

#### Terminal de la Sabana

He announced that next month gasoline will begin to arrive in the Terminal de la Sabana in Facatativa. They are only waiting for the order from the mayor of Bogota, Hisnardo Ardila Diaz, to transfer transporters to those installations.

Last, he said that ECOPETROL is making an agreement with the U.S. company, Occidental Petroleum Corporation, concerning the reserves in situ in the Cravo Norte fields estimated at about 1.35 billion barrels. He indicated that while ECOPETROL believes a recovery of 35 percent is possible, Occidental places it at 50 percent. "At the end of 1986, we will know how much there is in the wells of Cano Limon, Matanegra and La Yuca."

#### Foreign Investment Expedited

In an effort to simplify transactions for the approval of foreign investment requests in the hydrocarbon sector, the minister of mines and energy, Alvaro Leyva Duran, issued a resolution yesterday to expedite procedures, eliminate some steps and shorten the time for this ministry to respond to those interested.

With this intention, a resolution that set a waiting period of 45 days for a response was amended. Beginning yesterday, it will only be necessary to wait 30 days.

The new resolution stipulates the documentation that a foreign firm must present to the ministry's Planning Office under Olga Escobar, including its corresponding budget and other legal requirements for foreign investments in the hydrocarbon sector.

Before 1 March of each year, the foreign companies that operate in Colombia are required to present to the Ministry of Mines and Energy a report on investments and income and expenditures in the immediately preceding year in the development of the service or work contracts they carry out.

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COLOMBIA

ECOPETROL LABOR DISPUTE RESULTS IN LOWERED PRODUCTION

Bogota EL TIEMPO in Spanish 8 Feb 85 p 5-B

[Article by German Navarrete]

[Excerpt] The labor conflict at the Colombian Petroleum Enterprise (ECOPETROL) stemming from the negotiation of the workers' demands grew more heated yesterday when the Workers Trade Union (USO) announced that the workers have slowed down production to protest the failure to raise their wages above the weighted 10 percent.

The announcement was made by the president of the Workers Trade Union, Jorge Santos, at the end of a meeting which was described by workers' representatives as "a failure" because no changes were made in the two sides' positions.

The attitude of the ECOPETROL workers' leaders and the explanations of the cutback in production mean that as of yesterday, the country has less gasoline and solvents, medium distillates (kerosene, ACPM, turbofuels), aviation gasoline, propane gas, aromatic alkylbenzenes, cyclohexane, parafins and lubricant bases, fuel oil, aromatic tar and asphalts.

The strategy pursued by the ECOPETROL workers to force the company to raise wages above the ceiling of a weighted 10 percent is to provoke problems such as the shortages already observed in chlorine and salt that have resulted from the labor conflict at Alcalis de Colombia.

The ECOPETROL workers also refused to authorize the USO officials to negotiate a wage agreement with the company, and stated that their acceptance of any offers made by ECOPETROL in this regard would have to be decided upon at a national assembly made up of the workers from the refineries of Barrancabermeja, Cartagena, Tibu, Orito, La Dorada, El Guamo, Plato, and the areas of El Centro, Confor, the Northern and Southern Districts, and the central offices in Bogota. This makes the negotiations one of the most difficult that ECOPETROL has had to undertake in recent years.

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COLOMBIA

PROEXPO, INCOMEX REFORMS TO STRENGTHEN EXPORTS

Bogota EL TIEMPO in Spanish 19 Jan 85 pp 1-A, 6-B

[Text] Yesterday Colombia announced a foreign credit plan for 1985 totaling \$2,247,000,000. It includes a trade policy agreement with the World Bank which entails amendments to the Vallejo Plan, INCOMEX [Colombian Foreign Trade Institute] and PROEXPO [Export Promotion Fund] and reinforcement for export promotion.

Revision of the Vallejo Plan will mean a drop in taxes on imported goods and raw materials in order to help the agricultural-livestock sector and the manufacturing sector increase and improve their exportable production. This was reported by the chief of planning, Jorge Ospina Sardi.

He added that INCOMEX has already begun a series of adjustments to expedite the procedure to obtain import licenses for basic parts for the production of goods that have positive prospects in the foreign market.

PROEXPO and the Bank of the Republic are reviewing the conditions under which they issue exporters a CERT [Tax Reimbursement Certificate] in order to expedite them. The CERT is a tax discount for exports.

Mission to the United States

At the same time, a government source announced that two official missions will go to Washington and New York next Monday seeking agreements on the national debt and new loans. He felt that Colombia will have its foreign front cleared up with international banks by the end of February.

According to Ospina Sardi, the fiscal deficit (estimated at 130 billion pesos for 1985) will not worsen due to lower collections stemming from including more imports in the Vallejo Plan (low taxes on imports to produce export goods).

He predicted that this lower revenue will be compensated two ways: foreign credit and an additional growth in imports not covered by the Vallejo Plan and, consequently, entailing higher taxes.

The fiscal deficit is the negative difference between higher state expenditures and lower revenue. Ospina Sardi announced that the extra sessions of Congress

that will be held from 29 January to 5 March will discuss bills to reorganize the budget system, give flexibility to income for specific allocation, limit the transfers from central administration to education, issue more TAN [National Savings Certificates], issue currency moderately and improve tax collections to help cover that deficit.

The head of planning did not eliminate the possibility that other national or mixed banks will be temporarily sold in their entirety to foreigners as occurred with the Mercantile Bank at the end of 1984. He stated: "There are some plans for requests but we handle the matter after it goes through the Bank Superintendency."

Ospina Sardi spoke with reporters during a press conference. He calculated the growth of the national product in 1985 at about 3 percent, similar to 1984. He also discounted the "myth" that international banking closed credit to the country in 1984. In those 12 months, \$2,247,000,000 were contracted, "one of the country's highest rates. This demonstrates that the international financial community retains its confidence in the country."

#### Credit for 1985

Of the financial deals signed in 1984, \$1.85 billion were directed toward projects of infrastructure, the electrical sector, transportation and the Medellin Metro.

The \$2,247,000,000 planned for 1985 will mainly go to mineral production and exploitation: \$730 million for mines (CARBOCOL [Colombian Coal, Inc.], ECOPETROL [Colombian Petroleum Enterprise], etc.); \$300 million from the World Bank to finance imports to generate exports; \$140 million from the IDB to import machinery and parts for the agricultural-livestock sector; \$200 million in cofinancing from commercial banks to complement the \$300 million from the World Bank; \$64 million for education; \$144 million for rural and urban development; \$70 million for the electrical sector; \$85 million for communications; \$82 million for health; and \$70 million for transportation.

Ospina Sardi cited an average of \$500 million in credit from the World Bank for Colombia in the last 2 years and \$450 million from the IDB.

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CSO: 3348/312

GUATEMALA

FOREIGN EXCHANGE PROBLEM WITH BANDEGUA RESOLVED

Guatemala City PRENSA LIBRE in Spanish 9 Feb 85 p 16

[Text] The problem with BANDEGUA [Guatemala Banana Development Company, Ltd.] was solved during a meeting between authorities of the central bank and the U.S. firm yesterday in the offices of the Bank of Guatemala.

The meeting which began at 1715 hours and ended at 1830 hours was attended by: Mr Richard Stone; the president and vice president of the enterprise, Sam Gordon and Jack Lock; the general manager, Mario Mena; attorney Carlos Yaquian; the president of the Bank of Guatemala, Carlos Alvarez; and other government officials.

Richard Stone had acted before as President Ronald Reagan's special envoy for Central America. He resigned that position later to go into private practice. Yesterday he came to Guatemala on a special trip representing the U.S. owners of BANDEGUA. Its banana plantations are located in northeastern Guatemala.

The U.S. shares of BANDEGUA belong to Del Monte, one of the largest food production companies in the world.

Stone stated that the purpose of his visit to Guatemala was for BANDEGUA to continue operating here in a useful manner.

At the end of the talks, it had been decided to agree to barter to import supplies worth \$13,970,430 and continue with the talks at the local level within the next 10 days.

PRENSA LIBRE reporters tried to interview the U.S. leaders. However, that was not possible since they left immediately for the La Aurora Airport where they boarded the airplane that brought them to the meeting.

Manager Speaks

Engineer Mario Mena, manager of the enterprise, told our reporters that the talks took place in the offices of the president of the Bank of Guatemala. It was agreed to accept the position adopted by the Guatemalan Government to solve the problem.



## We Will Not Leave

He explained that although the problem has not been completely solved, the enterprise will continue its work on which more than 10,000 workers and approximately 100,000 people depend.

## Talks Will Continue

He said that the talks to obtain the 30 percent additional presented at the beginning will continue but at the local level. It was felt that the lines have been established both in the government sphere as well as by the U.S. business leaders.

## How Problem Arose

The problem came up in the middle of this week. BANDEGUA requested that the government authorize a 30-percent increase in foreign currency to the banana enterprise for the purchase of supplies for banana production and development in northeastern Guatemala.

The case was immediately brought to the government. At a meeting of the economic cabinet, it drew up a formula that could prevent drainage of foreign currency and unemployment.

## Support of Unions

The union in BANDEGUA, SITRABI [expansion unknown], immediately intervened to support the actions of the banana enterprise. It requested a meeting with the minister of labor to explain the situation to him. On that same day, Thursday, the minister of agriculture and the minister of finance announced the formula to resolve the problem.

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CSO: 3248/239

GUATEMALA

**SECRETARY GENERAL: MONEY EXCHANGE OFFICES AUTHORIZED**

Guatemala City EL GRAFICO in Spanish 13 Feb 85 p 2

[Text] Guatemala, 12 Feb--The secretary general of the government announced a decree law today authorizing money exchange offices in the country.

The decree stated: "Whereas it is appropriate to introduce the necessary amendments to the Monetary Law so that money exchange offices to improve operations in the open currency market can be authorized when the emergency system for international transfers is in effect by law, Decree 203 of the Congress of the Republic is amended as follows: When exchange conditions so advise, the Monetary Council can authorize the establishment of money exchange offices as intermediaries in the open currency market. Their only objective will be to buy and sell that currency at prices determined by supply and demand without issuance of the open currency certificate mentioned in this chapter.

"The money exchange offices will be governed by the regulation and other provisions issued by the Monetary Council. That regulation will be approved by the Executive Organism."

**Sanctions**

"At the specific request of the Monetary Council, any infractions that the money exchange offices commit in their exchange operations will be sanctioned by the Ministry of Economy without affecting the application of other sanctions under the laws of the country. Those sanctions will include fines of up to twice the amount of the operations in violation, precautionary suspensions and temporary or permanent closings, depending on the seriousness of the offense and the respective regulations."

The personal services of buying and selling foreign currency at the money exchange offices are not affected by the VAT. The receipts and vouchers from their buying and selling operations are exempt from the stamp tax.

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CSO: 3248/239

GUATEMALA

BRIEFS

600,000 IN MODEL VILLAGES--Approximately 600,000 Guatemalans are under government protection in so-called "model villages" located in northwestern Guatemala, according to the national reconstruction committee. It said that all of them receive welfare from the programs for integrated rural development which operate in these population centers. The majority of the residents of the "model villages" come from places affected by the wave of violence that shook the country several months ago. Although it is difficult to compile exact statistics of the number of inhabitants in those areas, it is estimated that there are more than 500,000 and this number continues to grow rapidly, according to the committee. [Text] [Guatemala City PRENSA LIBRE in Spanish 10 Feb 85 p 4] 7717

CSO: 3248/239

JAMAICA

## PNP OPENS DRIVE FOR ELECTIONS, ISSUES CALL FOR CHANGE

### Manley on Debt Crisis

Kingston THE DAILY GLEANER in English 2 Feb 85 pp 1, 3

[Text]

The PNP will be going ahead with its meeting on Sunday at Sam Sharpe Square.

The People's National Party President, Mr Michael Manley said that the party will not cancel its meeting for Sam Sharpe Square, Montego Bay tomorrow unless Mr. Seaga calls election before that time.

Mr Manley who was speaking at the Party's People's Forum on Thursday at the Hotel Oceana, was apparently responding to a request by the Montego Bay Chamber of Commerce to either postpone or transfer the party's election rally scheduled for Sam Sharpe Square. This request was made in light of the effects on the winter tourist season by the recent gas price demonstrations.

According to Mr. Manley the party had always held meeting at that location and there had never been the occasion "for even one act of violence and Sunday will be no exception".

He said there had come from a non-party source an expression of concern about the meeting and one organisation had asked not to hold the meeting and that he wanted to deal with it in a courteous and sensible manner. Mr. Manley said he wanted to remind the people of the country that there was no sector of the economy that received more intelligent support than the tourist industry during his tenure of office. He pointed to the efforts made by his administration in the 1970s to improve performance in the industry. The PNP President said that his movement had a track record of performance and pedigree of support and work for the industry.

Mr. Manley said they had planned it as part of the party's tradition of holding meetings at the Montego Bay Square since 1972. Party supporters had been given careful instructions that their behaviour must be disciplined and exemplary on the way to, while at, during the meeting and on the

way home, Mr. Manley said. His suggestion to those who were concerned was that "rather to ask us to give up our traditional practice and right, direct your attention to call on the other political party not to interfere with us or to infiltrate our ranks to cause trouble."

"If there is a problem it will not be of our making. If they call upon the Prime Minister to do what he ought to do and if he does it in time there will be no need for the meeting," Mr. Manley said.

The Party President also made a presentation on Third World Debt in which he said that according to a World Bank analysis, an investment of \$25 billion per year could generate self-sufficiency in agriculture by the 1990s. He said that out of this self-sufficiency in agriculture, the world would lay the foundation for a general economic revival. Mr. Manley, a Vice President of Socialist International, spoke of what the organisation was trying to do in seeking solutions to the economic problems.

"Most importantly is to try to pull together a common political understanding and develop strategies for their accomplishment," he said.

The debt crisis, Mr. Manley said, cried for intelligence, political will, international co-operation "and the kind of action that can only come if there is a global approach." He said the Third World debt was now in excess of \$900 billion and that in 1983 the combined debt of the Third World countries was about 40% of the gross national product. The debt crisis had become both the primary crisis of the Third World and also the most dramatic symptom of what was wrong, he added.

He introduced representatives of Socialist International who are in the island for the meeting of the Economic Commission. Those introduced were from Austria, Costa Rica, France, Finland, Great Britain, Guatemala, Holland, Peru, Puerto Rico, Spain, Sweden, the Federal Republic of Germany, Venezuela, Canada and Chile.

Kingston THE DAILY GLEANER in English 4 Feb 85 pp 1, 3

[Text]

## **T**HE PEOPLE'S NATIONAL PARTY IN MONTEGO BAY LAST NIGHT launched "a relentless political campaign" for general elections.

At a meeting in Sam Sharpe Square attended by thousands of supporters who began pouring into the city from early yesterday morning, the PNP presented a resolution which said the campaign "shall not cease until Seaga, (Prime Minister Edward Seaga), calls general elections to restore the credibility of Government, to restore confidence in the words of a Prime Minister and Government, to restore integrity in public life, and to restore true democracy in Jamaica."

The resolution, called "The 1985 Declaration of Sam Sharpe Square," is to be taken "to every city, town, village and district throughout Jamaica for signature by the people."

The PNP said it was serving notice on the Jamaica Labour Party administration that it had no political authority to conclude any new agreement with the International Monetary Fund in the absence of a mandate from the electorate "and the JLP must assume full political responsibility for any social unrest or instability which is likely to ensue from the further hardships created thereby."

The party said it repudiated the present administration, and that it should not enter into any economic, social or cultural arrangements on behalf of the nation which would bind the next government of the PNP. Also, it said, it was serving "due notice and fair warning that the PNP, because of the unprecedented situation which has arisen by reason of Seaga's political double-cross, does not regard as necessarily binding, any economic, social or cultural arrangements promised or entered into hereafter by the Seaga administration as of the fourth day of February 1985".

A preamble to the declaration states that "Jamaica is now burdened with a one-party Parliament as the direct result of the immoral act of Edward Seaga in calling the bogus election of December 1983."

(In December 1983 the JLP called a snap general election which the PNP boycotted on the ground that it was being called on the 1980 voters' list which, the PNP said, would disfranchise thousands of young persons, and that the Government was not sticking to what the PNP said was its promise to hold elections only when the new voter-identification system, which includes photographs of electors, was in place.)

The declaration stated that an up-to-date voters' list was now ready with virtually all identification cards having been distributed and "the PNP stands ready and is prepared to contest any and all general elections now that the new electoral system is in place."

The declaration accused the Seaga administration of being "determined to hang onto power at all cost — irrespective of the consequences upon the economic, political and moral fabric of our society and upon our democracy."

The PNP in its Sam Sharpe Square declaration charged the Government of the Jamaica Labour Party with being unable to mobilise the people to produce or to inspire unity and stated that "the collapse of the economy has accelerated to increase unemployment, provide constant layoffs and redundancies, to worsen the foreign exchange crisis, to raise the cost of living, especially with regard to basic food items, rentals, drugs and medicine, electricity and water, to deprive communities of roads, education, medical care, housing and transportation."

Stating that the process of deregulating the economy had served as a disincentive to local production and that in the divestment of some companies the public interests has not been fully protected, the PNP declaration accused the Government of pursuing policies "inimical to workers and which have threatened the survival of the working class and the trade union movement."

The declaration called on the people to mandate the PNP "to spare no effort and shirk no sacrifice until elections are called urgently to enable a democratic expression of the will of the nation so that the people can resume their normal economic and social advance."

Heavy security was evident throughout Montego Bay and around the square which is named after one of Jamaica's National Heroes.

Members of the PNP executive headed by PNP President Michael Manley and the party's leaders from Western Jamaica addressed the meeting.

Kingston THE DAILY GLEANER in English 5 Feb 85 pp 1, 3

[Text]

People's National Party President Mr. Michael Manley told Sunday's party rally in Montego Bay that he is confident that should his party be democratically elected as the next government of the country, it would receive the support of the United States Government.

Mr. Manley invited either Prime Minister Edward Seaga or the US Government itself to come out publicly and refute what he has said.

Addressing the rally in Sam Sharpe Square, Montego Bay, Sunday night when the party launched what it said was a "relentless political campaign" aimed at pressuring Mr. Seaga into calling general elections, Mr. Manley said the "propaganda" of lack of support "is meant to make you run away and think that help from the United States will come to an end when Seaga is defeated."

Declaring that what he had to say was being done "loudly and clearly for all to hear," Mr. Manley went on: "If Seaga is defeated in genuine democratic elections then we will have in place a government that was voted for by the Jamaican people, a democratic government elected democratically. We will have in place a government that has always had goodwill and friendship for the people of the United States of America, and that is true now and will be true of all governments when we become the government again."

Mr. Manley told the thousands of supporters who packed Sam Sharpe Square that, "You will have a government that has thousands of supporters who have relatives and friends in the United States of America, and above all we will have a democratic government."

The PNP President said, "I will invite Seaga to tell the nation that he says that if there is a democratically elected government of Jamaica then US government support and cooperation will stop. I would like him to say so. I challenge him to say so. And I go further to say to the US government authorities (there are representatives here in Jamaica), I invite them to say whether the United States' assistance to Jamaica would stop if there is a democratically elected government. I invite them

to say so if it is so, because you and I know it is not so; you and I know it is propaganda."

Mr. Manley said his party also had excellent relations with Canada and the United Kingdom regardless of which government was in power, in addition to guaranteed support from member countries of Socialist International.

According to Mr. Manley, a government headed by this party would have tremendous cooperation and support from governments all over Europe.

Dealing with the damage being done to tourism, Mr. Manley said that Mr. Seaga was to be blamed as his timing of the gas price increase was bad. According to Mr. Manley, from as early as October the PNP read the IMF agreement which stated that the price of petrol would have to be increased when the dollar reached the level of J\$4.50 to US\$1.

However, Mr. Manley said, he was quite willing to do anything that would help to restore the tourist industry, including making personal appearances on television and radio in North America. Also, on the question of dialogue between the two party leaders, he was willing to talk with Mr. Seaga, "provided it ends on when election is to be held."

But he did not hold out much hope of a dialogue, noting that to date the PNP's offer to assist in the fight against crime, drugs and other ills in the society, had not been taken up. "When you can't trust, how can you talk?" he asked.

Mr. Manley went on to reiterate some of the programmes his party would institute if it formed the next government and said the PNP would stop the foreign exchange auction.

Among the speakers at the rally were Party Chairman Mr. P.J. Patterson; Vice President Portia Simpson; Vice President Mr. Carl Rattray; Secretary General Dr. Paul Robertson with Mr. Howard Cooke as Chairman.

#### Challenge to Seaga on IMF

Kingston THE DAILY GLEANER in English 5 Feb 85 p 3

[Text]

PEOPLE'S NATIONAL PARTY CHAIRMAN Mr. P.J. Patterson has challenged Prime Minister Edward Seaga to "level with the people about the International Monetary Fund Agreement" and what he calls corruption in Government institutions.

Mr. Patterson who was making a presentation on "A Political Case Study of Arrogance and Corruption" at the People's Forum at the Hotel Occana on Thursday, said that when one looked at portions of the IMF Agreement "it tells you why Mr. Seaga cannot level with the people."

He asked whether Mr. Seaga had told the country that the debt service ratio, calculated to include payments which were re-scheduled or had fallen into arrears, had reached 42% by 1983/84 - compared with 17% in the late 1970s. Referring to page sixteen of the Agreement, Mr. Patterson also asked whether the country had been told that the new levy regime agreed on in April, 1984 had effectively lowered the tax burden faced by the bauxite companies and that the levy averaged about US\$4 per ton less than the previous arrangement.

Mr. Patterson also pointed to sections of the Agreement relating to reduction in employment in Central Government, the phasing out of

subsidies on imported basic foods and the tightening of credit conditions.

"Has he (Mr. Seaga) told the country that the principal measures to reduce total expenditure, relative to GDP, included a reduction of 10% to 15% in Central Government employment; and that he is committed to keep wage settlements below the rate of annual inflation? Mr. Patterson also asked if Mr. Seaga had levelled with the country to warn that subsidies on the few remaining imported basic foods were to be phased out by the end of 1985 to 1986.

The PNP Chairman asked why the Prime Minister had not admitted that there was an obligation to raise "promptly" the electricity tariffs, gasoline prices, telephone bills and other utility rates in accordance with the decline of the Jamaican dollar as contained in page 20 of the Agreement.

"Has he told the private sector that further tightening of credit conditions are likely and that this may entail for a time further increase in the cash reserve require-

ment and liquidity assets ratio, as set out in page 28 of the Agreement? Is he prepared to admit that he was required to increase travel allowances before the end of 1984 but has been unable to do so because the foreign exchange measures of his government have been an abject failure?" Mr. Patterson asked.

According to Mr. Patterson, the Seaga administration had forfeited all credibility, and he called on the Prime Minister to disclose information on the divestment of Southern Processors and the collection of \$415,000 of debt owed by Members of Parliament. Answers were also being sought on Taste of Jamaica, the water scheme in Mandeville now costing \$60 million and which started at \$20 million, the National Housing Trust and the Government's connection with Marc Rich.

Operations of Jamaica Agro Products and the Jamaica National Investment Corporation also came under scrutiny from Mr. Patterson who questioned whether it was a fact that 65% of the land bought by Jamaica Agro Products was found unfit for the purpose required. Mr.

Patterson said he was challenging Mr. Seaga to make available the recent Audit Report completed by the World Bank on the operations of the JNIC. He asked what Mr. Seaga was doing about the damaging information it contained about the management of the JNIC and the questionable practices with regard to certain Agro 21 endeavours such as Spring Plain.

Mr. Patterson said there were many examples of corruption which permeated all levels of the society, and that there was a failure to realise that the economy would hardly move without the example of moral authority "that resides in and is reflected by, the leadership of a nation that must be able to mobilise the people towards increased production."

There was also a presentation on trade and the free market system by Mr. Alfred Rattray who spoke of the need for more production and export in order to reduce the trade imbalance.

Devotion was conducted by the Rev. Carmen Stewart and opening remarks made by Chairman of the forum, Mr. Carl Rattray.

## Stone on Need for Debate

Kingston THE DAILY GLEANER in English 6 Feb 85 p 8

[Article by Carl Stone]

[Text] In spite of the fact that there is obvious national support for the suggestions that our political parties need to get together and begin debating and discussing the country's problems and the solutions to them, both PNP and JLP leaders seem quite opposed to any such development.

This country has been continuously in crisis since the mid-1970's. Both major parties have been at the wicket trying to solve the problems, but the country

seem to have moved no closer to getting on top of the hostile bowling of successive economic problems which has made all our political leaders look like tail-end batsmen.

The result is that many of us no longer have much confidence in politics and political leaders. Political cynicism has become the national mood. Much of it has its roots in the reality of personal hardships and the lack of any real understanding as to why the promises made by politicians have not materialised.

Gradually, many of us have come to feel that the politicians need to set aside the propaganda script with its attendant rhetoric and half-truths and begin to level both with themselves and with the people.

The pace bowling is not going to get any less hostile for sometime to come and it certainly is in the interests of all parties likely to come to power to try to promote a better national understanding of why so many of the promises on which they get votes cannot be fulfilled.

Too many citizens are concluding that its because of the wickedness of the leaders or their selfishness that things are so bad in the country.

#### Large Diet of Lies

Too few of us have any grasp of how Jamaica compares with other countries facing similar difficulties. Having been fed on a large diet of lies, propaganda, half-truths and emotional rubbish packaged in ear-catching slogans, too few of us care any longer to want to know the real truth.

Right now only the WPJ seems interested in debating the issues.

Mr. Manley and Mr. Seaga are doing themselves and the country's democratic tradition a great disservice by their reluctance to openly debate the economic issues that surround the country's continuing predicament.

We know that there are differences between our parties. Indeed, by having these genuine difference, political choice has become far more meaningful than in the earlier periods when there was really no important policy difference between the parties and choice was really between leaders with different styles.

But the parties continue to thrive on the fiction that the differences between them are so fundamental that they can't even talk to each other.

By my estimate, there is far more in common between our major parties than the obvious differences that separate them. Indeed, the biggest differences lie in the area of foreign policy where unfortunately our country and these leaders have been and continue to be manipulated by outside forces who compete among themselves to control our destiny.



## PNP vs JLP Enthusiasm

In the area of domestic and social policy, the JLP does not share the PNP's enthusiasm for worker democracy, state involvement in production, co-operatives, the use of political mobilisation in public sector project implementation, income redistributive social projects, land reform, big spending and an expansionist Keynesian approach to fiscal policies.

On the other hand, the PNP does not share the JLP's enthusiasm for free market mechanisms, deregulation, foreign investors, right money management etc. etc. But after making fun of the PNP's grand talk about self-reliance and placing its faith on export propelled growth to finance an open import economy (like Chile) the JLP has had to back-track and pick up the pieces of the PNP's self-reliance thrust (which was unfortunately more talk than action in the 70's) in food production.

The parties also share a month understanding of the importance of export earnings for the country's survival and development. Both have had a rough time coping with harsh IMF conditionalities and harsh international economic trends.

There is, therefore, self-evidently a common ground of policy thinking between them that would make such debates on the issues a fruitful exercise.

Is it that both party leaders fear that if they get down seriously to debating the issues, we will discover that they have more in common than that which separates and the myths about how far apart the parties are will be challenged?

## Fanatical Ideologue

Surely even the most fanatical ideologue of any ideological persuasion must by now have come to recognise that the country has only a limited set of options which can now be followed to get the economy started again?

How can these party leaders expect voters and citizens to take them seriously if they back away from open debate on the deep economic issues facing our future. We know that no one has any instant miracles or solution and that all roads to progress involve considerable pain. But if these leaders expect to win back credibility and public confidence they had better start levelling with themselves and with the people about the realistic economic policy alternatives the country has.

Winning elections is easy. Governing a country is a different order of problems and difficulties in this time of crisis. Unless the people's eyes are opened by honest debate of the issues, those who govern will continue to be confounded by the inherited legacy of ignorance, false expectations, cynicism and distrust of political leaders.

There is no valid excuse for not having these national debates between the parties. Our leaders are simply ducking a national responsibility. The public must demand these debates on national issues.

GLEANER Comment

FL220026 Bridgetown CANA in English 2100 GMT 21 Feb 85

[Text] Kingston, Feb 21 (CANA)--THE GLEANER newspaper here today urged Prime Minister Edward Seaga and his major opponent, Michael Manley, to bury the hatchet and begin dialogue on a consensus for dealing with Jamaica's economic crisis.

THE GLEANER's editorial came in the wake of Tuesday night's parliamentary speech by Prime Minister Edward Seaga in which he painted a bleak economic picture and calls by several community leaders for talks between the Conservative Seaga and the Socialist Manley. We believe that the time has come for them to bury the hatchet and to sit down together in search for a national approach that restores a national will that can lead to stability, the conservative daily said.

We support the exhortations to face the (economic) challenge but we do not think the country can do it divided, the paper added.

Seaga has in the past said that to suggest dialogue between himself and Manley to solve the country's economic crisis was naive because the ideological and philosophical divide was too wide.

And today he told journalists he was willing to debate the correctness of his policies with Manley, and criticised the former prime minister and his People's National Party (PNP) for not presenting a clear alternative.

Manley recently told a public rally that he was willing to talk to Seaga only if Seaga would agree to set a date for early general elections.

THE GLEANER said a deep national crisis was eroding the confidence of the people in the government's ability to handle the economic difficulties.

Yet the leaders of our two major political parties seem to lack the statesmanship necessary to bring them together in a genuine attempt to pull the country back from the abyss into which it is fast slipping, it added.

It added: We are reduced to dread forebodings, punctuated by tribal posturings and a hankering for power.

CSO: 3298/425

JAMAICA

STONE SEES SOCIAL UNREST UNLESS IMF, GOVERNMENT POLICIES CHANGE

Kingston THE DAILY GLEANER in English 4 Feb 85 p 10

[Article by Carl Stone]

[Text]

There is a simple question I would like to ask all the economic "gurus" around the Prime Minister (who presumably advise him) and all the experts of Third World economic torture who preside over IMF policies here in Jamaica.

The question is simply this. At what level of U.S. dollar value for our dollar do we cease to get any gains from cheaper exports that outweigh the enormous and painful costs caused by devaluation?

I am sure we are going to be told that only the free market forces can answer that question and that we simply have to bear the pain of adjusting to the constant hikes in prices triggered by short run changes in the supply and demand for U.S. dollars.

That position puzzles me, however. These hard-line free-market policies that are being pushed by the IMF have their origin in Western capitalist countries. But when you look at the economic policies of most of those countries there is no free market in place.

In western Europe farming and agriculture is massively protected and subsidised. In the U.S. the free movement of market forces is arrested by price manipulation by the state to prevent prices falling below levels that would wipe out the least efficient sections of the farming community.

Yet, here in Jamaica, the movement of free market forces in a sensitive area such as the pricing of our currency has been allowed to develop as the sole determinant of our rate of exchange.

But even if one has faith in these market forces, there must be a sixth sense which tells us that continuous devaluation could take us beyond the threshold level at which the costs begin to exceed the benefits.

Some people think that the threshold level is somewhere about one dollar Jamaican to 20 cents U.S. Others think it is about 33 U.S. cents.

Why can't our economist crunch some numbers and give us part of the answer by projecting for us the price elasticity of demand for the things we are selling and hoping to sell for hard currency?

This mindless reliance on the movement of free market forces is beginning to convince some of us that our country's economic vehicle is running out of control and no one is at the steering wheel. Further, that the IMF is insisting that no one should be at the steering wheel.

Blaming the recent slide in the value of our dollar on gas price demonstrators who adversely affected tourism earnings is merely to beg the question of why we continue to operate this absurd system of pricing our currency which gives our economy pneumonia if a little rain blows in for a short while.

At some point a responsible government concerned about the national well-being has to step in and begin to steer the wheel by holding the currency to avoid it sliding beyond that threshold level that brings insufficient benefits to compensate for the pain.

If the Government and its battery of experts have no idea what that threshold is, they all deserve to be flogged.

There is one crucial factor that appears to have escaped the high priests of Third World economic torture in the IMF. Countries like Brazil, Mexico and Argentina where drastic austerity measures have been adopted under IMF pressures are all countries with low dependence on trade. Drastic though these measures are in currency devaluation, the impact has been softened by their low levels of import dependence.

Jamaica is a country with high import dependence that is now some four to five times the import dependence in those countries. Indeed, even the Dominican Republic has a trade dependence

level that is about one half of ours. Drastic and continuous devaluations have hurt us more than any of the economies in the region that have come under IMF manners.

Anyone who believes that a government can leave the steering wheel untended as the country's economic vehicle drifts out of control while the currency slides and that people are just going to take these blows indefinitely needs to have their sanity examined.

With an opposition party militantly demanding elections and with local elections pending which are likely to show big PNP gains, continued slide in the dollar is a recipe for political chaos as people pressure is going to force the PNP more and more to take the fight to the government on their behalf.

Whether in those circumstances Mr. Seaga's government can hang on is a purely academic issue because his government will not be able to govern.

Our people are long suffering but there is limit to how much pressure they can take.

Those who are predicting a fall in our currency to the levels 8 to 1 or 10 to 1 had better factor into those predictions what is going to happen here in terms of social and political unrest.

If the people of this country really begin to get angry a few armored cars and big guns are not going to be enough to permit any government to govern in the face of the people's anger.

The Government would be well advised to pass the word to its international backers that if the currency continues to slide to and beyond 6 to 1, Mr. Seaga's government will become a fit and ready case for the political undertaker.

CSO: 3298/426

JAMAICA

## ECONOMIC ISSUES FROM TOURISM TO PRICES HOLD SPOTLIGHT

### Seaga on Threat to Tourism

Kingston THE SUNDAY GLEANER in English 3 Feb 85 p 1

[Text] All conventions and other business groups, except for two such groups, which were booked to vacation in Jamaica in 1985 and through 1986, have cancelled their bookings because of the gas price demonstrations of January 15 and 16, Prime Minister Edward Seaga says.

Mr. Seaga, according to a JAMPRESS news release, disclosed this information during discussions in New York where he is having meetings with tourism interests and major news media houses about what he said were the exaggerated presentation of the demonstration by the news media in the USA and which has resulted in widespread cancellation of bookings.

Stating that consumer resistance to Jamaica was widespread as a result of how television and radio stations portrayed those events, the Prime Minister said: "I am advised that it will take much time to overcome this resistance in order to build back the trade."

"What is more," he went on, "I am told that if one more instant occurs we can write off the Tourism Industry, as the major tour operators have advised that they are having great difficulty holding onto the troupe groups and charters which are still booked to come to Jamaica."

The damage to the industry, Mr. Seaga said, also had resulted in the average flows of foreign exchange to the Bank of Jamaica (BoJ) between the beginning of January and the last banking day before the demonstrations, falling from U.S.\$3.1 million daily to U.S.\$2.4 million daily for the period since the demonstrations to the end of January.

These flows had fallen during a period when they should be increasing and have now dropped to the level of U.S.\$1.4 million averaged during December before the tourism season began.

Calculations just completed by the BoJ showed that if the bank had continued to receive the daily average inflows of U.S.\$2.4 million per day after the demonstration, the extra collection would have allowed an additional U.S.\$1.7

million for each auction after the demonstration and the result would have been that the rate of exchange would not have risen on the auction beyond the J\$5 to U.S.\$1 as compared to the present level of J\$5.20 to U.S.\$1.

"I do not need to spell out the effect of this on prices", Mr. Seaga said, "It does not matter if persons who organise demonstrations state that they are careful to avoid injury to persons or destruction of property in Jamaica. What matters is how the media in the United States portray anything that occurs and how they exaggerate the reality, so that even if there is a minimal injury or loss of life or damage to property, as long as any outbreak occurs it is reported in a manner which causes fright to visitors leading to cancellations even though the country in general and the resort areas in particular are perfectly safe.

"Jamaica is now focussed in the news and any further disturbances will cause severe damage to the already delicate recovery. The tourism sector and the economy would face set-back with loss of jobs and foreign exchange from which it might not be able to recover", the Prime Minister warned.

#### Shearer on Production

Kingston THE SUNDAY GLEANER in English 3 Feb 85 pp 1, 2

[Text] Jamaica needs to increase its production by U.S.\$200 million annually to relieve the country's dependence on loans and grants from institutions and other governments.

Speaking at the annual awards ceremony of the Jamaica Chamber of Commerce at the Jamaica Pegasus Hotel, New Kingston, on Saturday night, the Rt. Hon. Hugh Shearer, Deputy Prime Minister and Minister of Foreign Affairs and Foreign Trade, said that without more production, there was no basis for improvement of the value of the Jamaican dollar, or the strengthening of the economy and the reduction in the prices of goods.

Not only was there a need for increased production, there was also a need to produce goods and services more efficiently in light of the increasingly competitive world in which Jamaica had to compete, according to Mr. Shearer. He said the government's programme of structural adjustment recognized the need for the efficient use of its human, and material resources.

Mr. Shearer then pointed out how the private sector, and in particular the commercial sector could help in the process of development. He singled out certain products for their consideration.

The promotional skills of the commercial sector could be used to promote the greater use of local products both locally and abroad. For example, the private sector could undertake the promotion of a greater use of more Jamaican food crops in season by the commercial sector. This would expand local food production by the farmers, and would mean more employment, and savings in foreign exchange on food imports.

The skills of the commercial sector should also be utilized in the development and promotion of a wider range of locally-made goods which tended to be ignored at present, according to Mr. Shearer. He cited craft goods, in which he said the international trade was huge, but where Jamaica had virtually no place despite the fact that it had a tradition in the production of many craft items.

### Irony

"The problem here is that much of the production is small and the presentation of much of it is below modern commercial standards. The irony is that our commercial sector willingly imports craft goods from many other countries, but seems to show no interest in helping the development of our own potential for production of craft goods," Mr. Shearer said.

He recommended the use of community centres under the Social Development Commission's director, for the development of Jamaica's production of craft goods.

He cited other areas: toys and various household items. Those with the commercial expertise ought to look at these areas, he suggested. In many cases the productive capacity already existed and could be contracted on the basis of a partnership arrangement which married it with design and marketing skills.

The area of investment in the productive sector was another aspect of the contribution the Chamber could make. Identifying the government's policy of welcoming foreign investment, Mr. Shearer reminded the CoFC that Jamaica could not be developed on the basis of overseas investment alone.

"And what our (the government's) investment promotion programme has underlined is that in very many instances, the foreign investor is looking for a local investment partner. This means that there is room for, and there is need for, the local investor."

Mr. Shearer also drew a linkage between investment and the reduction in Jamaica's unemployment.

Turning to the condition of Kingston, the Deputy Prime Minister described it as a "shocking state of dirtiness and disrepair,"--a condition, he said, for which all must share the responsibility. He told the Chamber that apart from the government, there was no other organization with a greater obligation in the matter than it.

"A powerful, influential organization as the Jamaica Chamber of Commerce cannot allow the capital city to die by the continued neglect of the private property of the private sector."

Mr. Shearer suggested that the Chamber undertake a project to identify the owners of the old buildings and urge them to either repair them or dismantle them. He warned that the practice of depositing garbage on the roadsides and in the open lots was inviting stiff anti-litter law, regulations and penalties soon.

The year 1985 was starting with high-level international activities in Kingston, Mr. Shearer said. There was the International Round-Table of Human Resource Development conference this week; a meeting of the Commonwealth Heads of Government in the Western Hemisphere at the end of February; the next meeting of the Preparatory Commission of the Law of the Sea in March; and in early April, the International Youth Conference, and the International Youth Festival.

Later in April Jamaica would be hosting the Eighth Session of the United Nations Commission of Human Settlements, Mr. Shearer said.

This highlighted the need for Kingston to be rehabilitated, he said. Turning to the reports that Jamaica had received in the overseas press as a result of the January 15 and 16 gas price demonstrations. Mr. Shearer recommended that the Chamber through its contact with other chambers throughout the world give the correct information that there were no riots in Jamaica, and the country was back to normality.

Mr. Sameer Younis, first vice president of the Chamber spoke about the efforts of the Chamber through its "Clean-as-a-Whistle" campaign to help in the cleaning up of the city. He welcomed the remarks by Mr. Shearer about the stiffer anti-litter laws which were being "invited" by those who dumped garbage in certain areas of the city.

#### Economic Growth Forecast

Kingston THE DAILY GLEANER in English 6 Feb 85 p 2

[Text]

The Jamaican economy is expected to show positive growth in 1985, based on the likely reaction of the economy to measures now in place, according to the director general of the Planning Institute of Jamaica, Dr. Headley Brown.

Dr. Brown, addressing the weekly luncheon of the Rotary Club of Downtown Kingston at the Jamaica Pegasus Hotel on Thursday, attributed the outlook for 1985 to the combined short term stabilization programme and the medium run structural adjustment programme of the Government.

The dual approach to the problems - problems which Dr. Brown said dated back to the 1970s - involved a whole mix of policy measures. He outlined these measures and explained how they would impinge on the macro scenario for 1985.

The policy measures include: the use of devaluation to encourage exports; the use of a restructured importing licencing system, and the abolishing of quantitative restrictions for non consumer imports; and the unification of the exchange rate.

Dr. Brown said that after the dramatic fall in bauxite production in 1982, and the consequent loss of foreign exchange, the Government set itself

two main objectives: reduction of the fiscal deficit and reduction of the balance of payments deficit. The deficit, he said, would be reduced from 15 per cent to 8 per cent this year with the object of lowering it further in the next few years.

This reduction meant that the central government would stop being a net user of domestic savings, and would instead make a positive contribution to the process of accumulation of capital. That objective was being achieved.

The fiscal account had also been improved by increase in tax, and the containment of public expenditures, according to Dr. Brown. In fact, both the current and overall deficit of central government were lower in nominal terms for the first three fiscal quarters of this year, compared to 1983. This was an indication that an adjustment of significant proportion was now taking place, and that financial stability was returning to the country.

In terms of the balance of payments deficit, the picture was a dramatic improvement in the first fiscal half of 1984, when the country accumulated US\$125 million, as against US\$113 million it lost during the first half of fiscal 1983.

The government policies were not only geared towards demand contraction, but also affected the



supply side. Hence, the quantitative restrictions were abolished for most non-consumer imports, and the import licensing system significantly restructured, he said. The exchange system was overhauled, the rate unified and the auction system put in place.

"These measures will reduce the economy's dependence on administrative decisions and introduce a greater level of efficiency and competitiveness. They also sharply modify the incentives system in favour of export activities," Dr. Brown said.

With the devaluations of the Jamaican dollar the "real exchange rate" was now at an all time high, he said, and he described the real exchange rate as the index of profitability of export activities.

In light of the increased competitiveness following the devaluation, a substantial pick-up of non-traditional export activities was expected. Agriculture was likely to make another substantial contribution to growth after the spectacular performance recorded in 1984. And with more Agro 21 projects coming on stream, some US\$10 million in imported foodstuffs could be saved.

He said that tourism, despite the recent setback, was also expected to contribute positively to the expected growth in 1985. In the area of investment, he asserted that a better private investment performance would be recorded in 1985.

"If agriculture and manufacturing perform during 1985, and we expect that they will, there could be growth enough in the gross national product to leave room for improvement in real consumption."

It was also expected that non-traditional crops would respond positively to the increased incentives and the possibilities opened under the Caribbean Basin Initiative.

Dr. Brown cautioned that the adjustment was not completed, but that the prospects for the future were better than only nine months ago when the threat of financial crisis was very much a reality.

He elaborated on the situation in the bauxite/alumina sector and how it would affect the other sectors, and said that the performance in bauxite this year was likely to be lacklustre and other activities such as export manufacturing would have to be expanded as quickly as possible in order to compensate for the loss of export earnings."

#### New Dollar Slide

Kingston THE DAILY GLEANER in English 6 Feb 85 p 1

[Text] The Jamaican dollar continued its downward slide against the U.S. dollar at yesterday's auction, recording the eighth consecutive fall in the rate of exchange. The auction cleared at J\$5.26, down 6 cents below last Thursday's clearing rate of J\$5.20.

The transaction rate for the U.S. dollar at which the commercial banks will buy today is J\$5.22 and selling J\$5.26.

Demand was strong with incremental demand increasing. Total bids amounted to US\$9.2 million. Bids that qualified amounted to US\$9.1 million of which US\$5.6 million was unsatisfied as there was US\$3.5 million in the pool for yesterday's auction. Of the total qualified bids 38.5 percent was satisfied.

#### Gasoline Situation

Kingston THE DAILY GLEANER in English 6 Feb 85 p 1

[Text] A fall in gasoline demand for five percent will result from the recent increase in the product which will cause the Government to lose a yield of \$126.45 million of consumption duty, according to the Leader of the House of Representatives, the Hon. J. A. C. Smith.

Mr. Smith was moving a resolution under the Consumption Duty Act, which gives the Minister of Finance powers to impose, increase or reduce any consumption duty, to confirm the taxes on petroleum products.

"The revenue loss effects as regards the taxable products are expected to be comparatively small," Mr. Smith said, adding that no fall in demand for diesel oil and cooking gas was anticipated as a result of the price increases.

He said that the five per cent fall in the demand for gasoline represented 1.5 million barrels of the total demand of 52.45 million gallons of gasoline.

The Consumption Duty Order of January 15, 1985, Mr. Smith said, ensured that the effective per gallon rates of duty on gasoline and diesel remain unchanged and "accomplished this by lowering the legal rates of duty on these products which are rates of ad valorem chargeable against retail price."

There was no duty on kerosene and the legal duty rate on cooking gas was a specific duty of 54.993 cents per litre which was independent of price movements, he said.

Duties on gasoline and diesel oil had been reduced: regular gasoline, 26.80756 per cent down to 22.110091 per cent; premium gasoline, 27.542857 per cent reduced to 22.607879 per cent; and diesel oil, 5.008347 per cent down to 3.797468 per cent.

#### Consumer Price Increases

Kingston THE DAILY GLEANER in English 8 Feb 85 p 1

##### [Text]

The prices of hundreds of consumer items will be increased in the upcoming months, said a member of the Prices Commission in an interview with the **Gleaner** for the weekly roundup of supermarket prices.

Consumer items which do not appear on any price-control list is wide-open country for overcharging based on the pretext of the devaluation of the Jamaican dollar. Shoppers are therefore being encouraged to be 'consumer-vigilantes,' to 'police the items' which are overpriced and to report their findings to the Consumers' League.

In many cases, the consumers are confused. Beseiged by an unprecedented number of price hikes as well as the price increases on over 300 items since mid-January, consumers are no longer sure of the true cost of an item and simply pay up.

A consumer conducted a comparison survey on several supermarkets and found that the consumer was

overcharged by 60% to 100% in excess of the valid market price. Some retailers said they were simply following the maximum 'suggested price'.

The latest price increases have been noted on Sapro products. Chiffon margarine has been in limited supply, but supermarkets hope that the situation will change by weekend. It has been noted that soya bean oil is only available in pints.

Supermarket owners claim that the supermarket shelves were stocked but shoppers are not buying.

"The Butchers" at Hi-Lo had Salmon fryers at \$3.96 per lb.; spare rib at \$5 per lb.; local cow foot \$4.75 per lb. One of this week's best buys in meats is at Allied Stores and include chuck steak at \$5.50, hamburger mince at \$5.80 per lb. and soup bones at \$2.50 per lb. Lenn Happ "specials of the week" highlight club steak at \$6 per lb; pig trotters at \$3.60 per lb.; cow skin at \$2.60 and stew at \$5.20 per lb. At Shoppers Fair supermarkets "butcher's corner" consumers are asked to buy Whirling fish at \$3.99 per lb.;

Hi-Lo's household budget savers include Petal toilet paper (twin) \$4.24; Sunshine laundry detergent at \$5.18. Lenn Happ supermarket has (large) Fab detergent at \$3.15. Shopper's Fair supermarkets' household budgets include Ata cleanser at \$2.59; Dynamo liquid detergent (large) at \$3.89 and (giant) at \$6.92.

Hi-Lo has Dairy Inn butter at \$6.96 per lb.; Port Royal mackerel fillet at \$2.03; Sola corned beef at \$5.04; Quench Aid at 30 cents. In this line of products Shoppers Fair supermarkets offer Coronado corned beef (3 oz.) at \$4.95; Eve's butter bean (10 oz.) at \$2 and mixed vegetables (10 oz.) at \$2.55. Lenn Happ Supermarket has Foska oats (8 ozs.) on discount at \$1.94 and (14 ozs.) \$3 and butterbeans (pouch) at \$1.83.

In the Hi-Lo 'Produce Department' cabbage is priced at \$1.20 per lb. and cucumber 30 cents. At Allied Stores escallion is \$1.60 per lb.; cabbage 90 cents per lb.; tomatoes \$1.50 per lb. and carrot \$1.50 per lb. C.L.M.

JAMAICA

## IMPACT OF ALCOA PLANT SHUTDOWN ON ECONOMY ASSESSED

### Hart Statement

Kingston THE DAILY GLEANER in English 7 Feb 85 pp 1, 3

[Text]

The suspension of operations by Alcoa was described last night as "a great blow to our economy" by the Minister of Mining, the Hon Hugh Hart. The Minister said projected foreign exchange losses will be over US\$38 million in the financial year beginning in April and there would be a loss of some J\$125 million of projected revenues to the Budget for 1985/86.

In a statement broadcast last night Mr. Hart said: "You will by now have heard that Alcoa will be suspending production at its Halse Hall Clarendon plant as of February 20. This is a great blow to our economy. There is considerable human cost as some 800 jobs will be lost as of 1st July and this means that the livelihood of another 5,000 persons will be directly affected not to mention the indirect effect on the economy of the area. We must all be deeply concerned at this."

Projected foreign exchange losses will be over US\$38 million in the financial year which begins in April. This will have a serious effect not only on our foreign exchange inflows but it will also affect the Government's domestic budget since we lose some J\$125 million of projected revenues in the 1985/86 financial year.

The closure of Alcoa reinforces the absolute necessity for all of us to support the structural adjustment programme by which we can reduce

our excessive dependence on bauxite for earning foreign exchange and to rebuild other sectors such as agriculture, manufacturing and tourism.

The Government has done everything possible to make our bauxite and alumina industry competitive in a world in which the supply of these commodities is far in excess of demand. A year ago, we arrived by amicable negotiation with the companies at a revised levy structure with built-in incentives for improving plant efficiency and output.

In addition, the devaluation of the Jamaican dollar has unquestionably benefited the bauxite companies by considerably reducing local costs of production.

As you know, some of the companies have taken advantage of these incentives. In fact, Alcoa itself recently increased the capacity of the Halse Hall plant from 500,000 to 800,000 metric tonnes a year despite the decline in the world market.

There are a few things we all have to understand about this industry. As I have explained on other occasions the aluminium companies entered into take-or-pay contracts with other bauxite producing countries, such as Guinea and Brazil, during the 1970s when world demand was booming.

What does take-or-pay mean? Let me explain.

Since the 1980s, world demand for aluminium has fallen sharply with drastic consequences for baux-

ite and alumina production especially in countries like Jamaica which to date has had to rely on oil for its energy source. Take-or-pay contracts assure some of our major competitors of guaranteed levels of production and income whether or not there is market demand. The result of this is an over-supply of bauxite which has given rise to new alumina capacity, and which in turn has driven down the price of alumina.

The Government has been working unceasingly to find its own supply contracts independent of the companies. In fact, last year, Government contracts accounted for nearly 40% of Jamaica's total output of 8.7 million metric tonnes of bauxite.

We are continuing to pursue every opportunity to market Jamaica's bauxite and alumina. We must understand, however, that the reality of the worldwide slump in this industry is that there is no likelihood of an improvement in market conditions in the immediate future.

This, in a nutshell, is the situation with which we are now faced.

The Government has requested of Alcoa that it does certain things

to mitigate the hardship which the suspension of operations and staff lay-offs will cause, especially to the communities where its operations are located. I am pleased to say that Alcoa has readily agreed to consider the following proposals:

— First, to set up a special fund to assist the workers with costs such as children's school fees.

— Second, to lease such land as can economically be put to agricultural use to local residents at minimal cost and to provide some financing and technical help for agricultural projects on these lands.

— Third, to make the company's heavy equipment such as bulldozers available to the Jamaica Defence Force, along with maintenance service.

— Fourth, Alcoa has also agreed to use this period of temporary closure to re-examine the feasibility of converting the plant from oil to coal to reduce energy costs when the plant reopens.

The Government will meet with the company to work out the details of these measures. The successful arrangement by which Alcoa has made lands available at Halse Hall to a private sector company to grow winter vegetable for export will continue unchanged.

The loss of earnings from Alcoa

means that we will all have to work that much harder to increase export earnings from other areas of the economy.

We can and will overcome this obstacle. Our economy is at long last on the right road. We have taken all of the major steps necessary to so direct it and the results are already becoming apparent in tourism, agriculture and manufacturing.

Over time, these benefits will reach an ever widening circle and we will then all recognise that the pain and hardship which we have been patiently bearing will have been worthwhile.

As you know, I am also Minister of Tourism and I want to appeal to everyone to take special care of this industry because our ability to weather the immediate future depends more than ever on the growth of tourism.

In a few days I will be undertaking an exhaustive tour of ten cities and two continents, working hard to remind the world that Jamaica remains the premier destination in the Caribbean.

The task of building tourism is one for all Jamaicans. Let us therefore work together and put Jamaica first.

### Extent of Effects

Kingston THE DAILY GLEANER in English 7 Feb 85 pp 1, 3

[Text]

The JAMALCO Alumina plant was built between 1971 and 1972 at an initial investment of some US\$130 million with a capacity to produce 550,000 tons of alumina. Through retrofitting and upgrading the plant's potential capacity reached 800,000 tons in 1983-84. At today's replacement costs the plant is estimated to value in excess of US\$800 million.

The foreign exchange loss amounts approximately to between US\$35 and US\$40 million annually when the bauxite levy and the local costs in US dollars are combined.

The closure has far reaching financial and other effects. There are

approximately 900 employees. It is estimated that approximately J\$30 million of salaries will be lost to the economy. Of this the Government stands to lose between J\$12 and J\$15 million in income tax revenue, Housing Trust and National Insurance contributions.

The loss to the Jamaica Railway Corporation will be substantial. Their locomotives are used to transport materials and alumina.

The effect on purchasing power to support business in the Mocho Hills through May Pen to the Halse Hall and Hayes area is expected to be very significant and far-reaching. JAMALCO has been a significant

## PNP Reaction

Kingston THE DAILY GLEANER in English 8 Feb 85 p 3

[Text]

The People's National Party reacting last night to the announced temporary closure of the Alcoa Alumina plant at Halse Hall, Clarendon, on February 20, said the decision to halt production was the result of the Government's "not giving the bauxite/alumina industry the serious attention it deserved."

In a release the party's spokesman on mining, Mr. Horace Clarke, said that neither the Prime Minister who at one time had portfolio responsibility for mining, nor the present Minister, Mr. Hugh Hart, had paid any attention to the need to expand the di-

versification of markets programme initiated by the P.N.P. government, and had assumed that the bauxite/alumina industry "could be run on automatic pilot."

The release said that Mr. Seaga had negotiated a reduction of the bauxite levy which Mr. Clarke described as a breach of an understanding, and this had led to a loss of confidence and mistrust of the government by the bauxite companies.

The PNP's statement accused the government of dismantling the market intelligence service which was "a constant requirement" of the industry and replaced it by inexperienced persons. It added that the government had also relinquished control of and responsibility for the sale of the country's bauxite and alumina, with the result that all major negotiations on behalf of Jamaica were now being made by assorted private individuals.

It said that the nature of the bauxite alumina business required that its markets had to be diver-

sified, and in the P.N.P. pursuit of this objective, it had negotiated two contracts/agreements with Venezuela and the Soviet Union, which were handed over to the JLP government in 1980.

It added that the government had done nothing further, and had depended instead on the U.S. market alone and the goodwill of the U.S. Administration.

The P.N.P. spokesman said he would have expected the Minister, Mr. Hart, to speak about going on missions abroad to seek new markets to replace the loss to the economy by the Alcoa closure. He said Mr. Hart was either short-sighted, or else had assumed that there was no future in the bauxite/alumina industry.

## Union Meeting With ALCOA

Kingston THE DAILY GLEANER in English 8 Feb 85 pp 1, 3

[Text]

The National Workers Union is scheduled to start negotiating with Alcoa Minerals today to find "a formula for closure" in the wake of the announcement that the bauxite company is suspending operations here.

In other developments yesterday some 30 project contractors employing about 300 workers have been stopped from doing any further work at the Halse Hall installation. The

contractors were involved in electrical work, installation of computers and mechanical repairs. One of the contractors told the **Gleaner** that instructions from the company had been given to his colleagues yesterday to cease all work on the plant with immediate effect.

The company and the NWU, representing some 419 hourly-paid employees will begin talks this morning aimed at an "amicable" settlement of "severance pay."

Mr. Lascelles Perry, Island Supervisor of the NWU, who was on site holding departmental meetings with the workers, said the union would be negotiating a "formula for closure," adding that once the matter of redundancy was broached by the company and not lay-offs, Alcoa would be permanently closed.

He said he could not make further comments on the issue until negotiations with the company were completed.

Chief Union delegate for the workers, Mr. Obediah Morgan, said the announcement of the closure was like a "Nicodemus" for what was expected was the possibility of lay-offs because of certain problems. Workers were only officially informed of the impending closure Wednesday night at 7 p.m., he said.

Residents in the adjoining community of Hayes expressed "shock" at the closure, although they complained that most of the workers at Alcoa were employed from outside of the area.

They also expressed disappointment that the Company had not sought to recompense them for what they said was damage done to their roof tops as a result of residue from the alumina plant, which sparked demonstrations in 1979 and 1981.

A community spokesman said that assurances had been given on both occasions of the demonstrations that the citizens would either have been paid for the damages or relocated to other areas. Now that the plant was about to close its doors and divest its lands, this was a source of disappointment to the citizens, he said.

Businesses in the community would be the hardest hit. Sales at one large drygoods store were expected to fall by some 35 per cent, manager Mr. Frederick Maragh, told the *Gleaner*. Bars may suffer loss of business because workers generally look for such places to "unwind" after work.

"Something will have to be done to help us," said one bartender.

Steady attendance at Hayes All-Age School is also expected to topple as parents are going to find it increasingly difficult to send their children to school, one teacher at the school said.

Contacted last night, Mr. Tony Ray, Public Relations Manager of Alcoa based in Kingston, confirmed that the Company would be negotiating today with the union on the question of "severance" pay for the workers.

He said he did not know anything about the termination of the services of contractors, noting that he had not been in touch with Clarendon yesterday.

Mr. Ray said that the Company was "not responsible" for damages done to the roof tops of residents of nearby communities. This was proven by technical experts both from the company and the Government, he said.

CSO: 3298/427

JAMAICA

GOVERNMENT CALLS FOR REVIEW OF GATT AGRICULTURAL TRADE

Kingston THE DAILY GLEANER in English 5 Feb 85 pp 1, 3

[Text]

**JAMAICA WANTS A COMPREHENSIVE** review of all measures affecting trade in agriculture and will join in calling for a new round of negotiations on the General Agreement on Tariff and Trade (GATT).

This was stated by the Hon. Oswald Harding, Minister Without Portfolio in the Ministry of Foreign Affairs, at the opening of a seminar on GATT at the Ministry yesterday. The seminar, hosted by the Ministry in association with the GATT Secretariat, continues until Friday. It seeks to familiarise members of the public and the private sector with provisions of the Agreement and the development of international trade, highlighting Jamaica's rights and obligations as a contracting party.

Mr. Harding, who spoke of the aims of GATT and its activities, said, "Jamaica wants a comprehensive review of all measures affecting trade in agriculture and therefore Jamaica would join in calling for a new round of GATT negotiations. We wish to see such areas as service, trade in counterfeit goods, voluntary export restraints and orderly market arrangements and in addition the whole range of agricultural prod-

ucts which has not been an area in which the GATT has been very active, on the agenda."

He said one of the root causes of malaise in the international trading system was the failure of the industrialised countries to take the necessary structural adjustment measures. Instead, he said, they had resorted increasingly to protectionist policies and had demonstrated lack of faith in the effectiveness of an open trading system as a contribution to economic growth.

Jamaica, he said, would want an expansion of the flow of goods and services, an increase in employment and national income. Protectionist measures in force should be brought within GATT to be subject to its discipline, he said. Jamaica wanted to ensure that the interests of developing countries were fully protected in these multilateral trade organisations and that arrangements were consistent with the GATT.

He expressed hope that at the end of the seminar people would not only be better informed about the operations of GATT but would develop greater interest in its activities. There had been significant achievements in the various rounds of negotiations that had taken place, he said, and Jamaica was particularly pleased with the Tokyo round in respect of the

non-tariff measures which were brought into those negotiations.

Also speaking was Mr. Randolph Dixon-Fyle, Counsellor, Technical Cooperation Division, GATT, who said that the success of GATT depended on the willingness and determination of the parties to make the necessary decisions to agree, for example, on further liberalisation whether in the context of legislation or new round of negotiations. Tribute was paid to the Jamaican representatives for their contribution to GATT. He said that over the last few years it had been very substantial and that if they could have more contributions of that kind, there would be much more advances.

Mr. Dixon-Fyle and Mr. Alberto Campeas, Counsellor, Technical Cooperation Division, are the two representatives from GATT conducting the seminar. It was explained that the seminar was being held at this time in light of recent developments in GATT relating to changes in the content of trade and the significant rise in protectionism.

GATT is a multilateral treaty subscribed to by 90 countries with the main aims being the reduction of tariffs and other barriers to trade in order to create a more liberal and secure international trading environment.

CSO: 3298/427



JAMAICA

NEW BILL GRANTS ADDED POWERS TO MINISTER OF TOURISM

Kingston THE DAILY GLEANER in English 2 Feb 85 pp 1, 3

[Text]

The Senate yesterday passed a bill seeking to amend the Tourism Act which gives sweeping powers to the Minister to make regulations without Parliamentary approval.

The passing of the Bill followed seven amendments which were preceded by a lengthy debate on matters of constitutional law and what Opposition Senators considered as a potential threat to the rights of individuals.

In effect, the Act gives the Minister powers to make regulations on a "negative resolution" which could take effect within 21 days of their promulgation and going "unobserved" by the Parliament of the land.

The Tourist Board has the right to appeal to the Minister in the event that such regulations are perceived to pose a threat to the rights of the individual; however the Opposition argued that this would have been a classical case of "Caesar appealing to Caesar."

Additional provisions have been made in the amended Act for the licensing of persons who operate tourist accommodations other than a hotel or resort cottages and also other categories of persons in the tourist industry.

It empowers the Board to grant a licence and also to revoke or suspend licences where the licensees break the Exchange Control Act or any other directions under the Act. The Minister, under the amended Act may authorise the taking of steps to ensure that the licensees comply with the law, failing which, they will be guilty of an offence attracting a fine or imprisonment or both.

The Bill was opposed in part by Co-ordinator of the Independent Senators, Senator Dr. Lloyd Barnett, Senators C.S. Reid, Errol Miller and Emil George.

There was a difficulty on the interpretation of who is a tourist, the consequence of which led Leader of Government Business, Senator Oswald Harding to give an "undertaking" that he would refer the matter to the Tourist Board for consideration as three valid interpretations of who is a tourist emerged from the debate.

Another matter was that of appeal against the

decision of the Minister raised by the Opposition which again forced Senator Harding to undertake to refer the matter to the Tourist Board to consider the appointment of a Tribunal.

An attempt by Senator Barnett to have the Bill withdrawn and put in the context of an affirmative resolution fell through as Senator Harding rejected the notion that since the Bill was based on a negative resolution and the substance of it "infringed on the rights of individuals", the regulations brought by the Minister in future should therefore be based on affirmative resolutions.

Senator Harding pointed out that Senator Barnett's concern, though recognised in principle, could not be accepted because it would mean a fundamental precedent which could cause problems for the Parliamentary process in future.

He said that if the Minister brought resolutions to the House there was a Regulations Committee to deal with the effects of these on the general public and the implications they have for the constitutional process.

In any event, Mr. Harding said that there was a Standing Orders Committee which could also properly deal with this matter. He said Senator Barnett's point was a substantive one of a much wider issue, but "we're not able to accept that amendment being proposed."

At one stage the sitting was suspended for nearly half an hour to consider one of the amendments.

Also contributing to the debate was Senator John Issa who likened the tourist industry to a natural resource which he said needed to be protected from vandals as he referred to the recent gasoline demonstrations and their effects on the industry.

In other matters the Senate appointed a Select Committee to sit jointly with a similar one from the Lower House to consider the Judicature (RM) Act.

A motion from Dr. Barnett seeking a debate on the gasoline demonstrations was deferred until next week Friday.

JAMAICA

## EEC ASSISTS WITH FUNDING FOR COFFEE EXPANSION PROJECT

Kingston THE DAILY GLEANER in English 8 Feb 85 pp 1, 3

[Text]

**FUNDING FOR A** comprehensive project to assist in the expansion of coffee production outside of the Blue Mountain region has come from the European Economic Community in the form of a loan of J\$11.8 million (3.5 million ECU).

The expansion is expected to yield an additional one million pounds of coffee for export or domestic use. The project, to be implemented by the Coffee Industry Development Company, the Coffee Industry Board and the Ministry of Agriculture, will last for four years.

The signing of the financial agreement was done by Prime Minister Edward Seaga and Mr. Roger Booth, Delegate of the EEC in Jamaica, at Jamaica House yesterday.

The project will enable expansion of coffee growing on some 1,500 acres through the development of family farms in two-and-a-half to seven-and-a-half acre categories. This will take place in three regions —Western which will include parts of Trelawny, St. James and Westmoreland; Central —parts of Trelawny, Manchester, Clarendon and St. Ann and Eastern including parts of St. Ann, St. Mary and St. Catherine.

Of the ECU 3.5 million, ECU 200,000 will be a grant to finance technical support services and ECU 3.3 million, a loan in the form of a line of credit to farmers in cash and kind, assistance to the Coffee Industry Development Company demonstration plots and nurseries and assistance to the extension services.

Loans will be made available to farmers having the stipulated acreage suitable for coffee production and each will be lent an amount in cash and kind. The amount in cash will help farmers to hire labour for the establishment of the coffee plots

and kind includes seedlings and tools provided by CIDCO.

Mr. Seaga said that other areas to be covered by the project included the strengthening of the extension services in order to provide technical assistance to farmers, the establishment of 50 acres of demonstration plots and three nurseries by CIDCO at Maggotty, Christiana and Bog Walk and technical support in agronomy and pest and disease control.

After two years the cost of CIDCO's demonstration plots, extension service and management input will be covered by crop revenues, interest on loans and gross margins on marketed crop inputs.

The aims of the project are to expand coffee production to increase export earnings through export development, improve living standards and creating more employment particularly for the rural population. The project is based on the concept of self help encouraged through the application of modern technology. The population within the project area is approximately 215,000 and comprise some 44,000 families.

The Prime Minister described the project as a comprehensive one which would enable the country to expand the product which was well reputed in the marketplace. It was both a thoughtful one and one which would go a long way in helping the country to expand non-traditional crops and exports. He thanked the EEC for the assistance being provided in the project.

Mr. Booth said the project was the third in

the agricultural sector which had reached the stage of formal approval under the Lomé II Convention which was signed in February, 1980. He added that the National Indicative Programme for European Development Fund financing in Jamaica foresaw a total allocation of 26.4 million European Currency Units which was approximately J\$90 million at current rates of exchange. Of this total, 35% had been earmarked for agriculture, which represented J\$31.5 million for the sector.

This project, he said, had been preceded by support to the veterinary services and a citrus development project. Work was now being carried out with the Planning Institute, Ministry of Agriculture and other government bodies on such projects as sheep and goat development, honey production in the rural areas and fisheries expansion.

CSO: 3298/427

JAMAICA

CLEANER DISCUSSES TERRORIST THREAT, NONALIGNMENT

Kingston THE DAILY CLEANER in English 3 Feb 85 p 8

[Editorial]

[Text] We published a report in January which was taken from a San Francisco paper in which the writer claimed that the Libyan government and its head, Colonel Gaddafi, were financing anti-government terrorist movements in Central America and the Caribbean, and Jamaica was listed among them.

There was no detailed follow-up to justify the claim about Jamaica, but in general the article talked about the link between drugs and weapons and the financing of this movement. A number of articles have been written suggesting that Cuba has been used as a depot for the distribution of guns and drugs in the area.

All these suggestions are frightening, and it indicates that in the world of today, no country can afford to be naive enough to believe that simply declaring itself non-aligned is enough of a protection.

Cuba which has pretended to be non-aligned and has been supported in its pretence by a number of Third World countries, including the former Jamaican Government, is aligned militarily and economically with the Soviet Union.

Jamaica, at the birth of independence declared that it was with the West, and has adhered to this policy, save for a deviation in the seventies. But it would not be to our advantage to be a satellite of any superpower. For the superpower treats satellites with contempt as it sends its instructions and directions.

So far Jamaica has maintained its independence, despite its close friendship with the US government and with Western European countries from which Jamaica's democratic system has evolved. Let us hope that this can be maintained.

But it behoves the security forces, the Government and the citizens to be on the alert for the threat of terrorism in our society, especially one which is financed from abroad by the Libyan government and its unbalanced leader, Colonel Gaddafi.

CSO: 3298/428

JAMAICA

BRIEFS

**BANK RATE CHANGE**---The bank rate was increased yesterday from 16 per cent to 17 percent, while the re-discount rate of the Bank of Jamaica has moved up from 17 per cent to 18 per cent for exporters, and from 18 per cent to 19 per cent for other eligible sectors. With the movement in the bank rate, the prime interest rate--i.e. the lowest rate at which any bank customer can get loans--has been increased from 18 per cent to 19 per cent. The minimum interest rates on savings deposits in commercial banks has also gone up to 15 per cent, from 13 per cent. According to a release from the Bank of Jamaica, changes in the rates were done after consultation with the Minister of Finance and Planning. The commercial banks prime rate was increased after consultation with the commercial banks. [Excerpt] [Kingston THE DAILY GLEANER in English 2 Feb 85 p 1]

**VOTER ID CARDS**---Approximately 850,000 voter-identification cards have now been distributed. This represents about 90% of the total number of 955,538 to be distributed. This was disclosed by Dr. Paul Robertson, the People's National Party's representative on the Electoral Committee, at the PNP's People's Forum at Hotel Oceana on Thursday. He gave a progress report on the electoral system, dealing with identification cards and the performance review of the Returning Officers. Based on figures made available to the party by the Electoral Office, 850,000 cards had been distributed, he said. "When one considers that some 50,000 of the cards will never be distributed due to death, migration or other factors, we of the PNP say that the system is now ready for elections. The remaining 6% or so can be delivered on any given weekend," Dr. Robertson said. The Hon. Bruce Golding, minister responsible for electoral matters, in a report on January 17 said, "With a total of 203,443 identification cards left to be distributed, the current distribution exercise will be concluded by the end of the month". [Excerpt] [Kingston THE DAILY GLEANER in English 2 Feb 85 p 1]

CSO: 3298/428

MEXICO

PRESIDENT'S ANTIBUSINESS REMARKS DRAW SHARP RETORT

Agitation by Minority Charged

Mexico City EXCELSIOR in Spanish 11 Jan 85 pp 1-A, 10-A

[Article by Aurora Berdejo and Nidia Marin]

[Excerpt] President Miguel de la Madrid yesterday accused a handful of businessmen of trying to agitate the country, but he warned that the people of Mexico will once again leave behind those who do not believe in the fatherland. He stated that we are not for discord or for factionalism, and that we will not tolerate provocative actions by those who want to reopen old wounds.

At the end of the meeting in the Sala de Armas of Magdalena Mixhuca, at which the Popular Supply Program of the Federal District was presented after the chief of state had toured the districts of Azcapotzalco, Venustiano Carranza and Iztacalco, the president stated:

"Mexico should be united, and thus we will be able to overcome our difficulties, get back on the road to growth, and build the fatherland that the vast majority of Mexicans want: an independent fatherland, a free fatherland, a just fatherland."

He stressed that the government does not intend to displace private businessmen, and that its actions to strengthen the supply and marketing systems prove this, since they involve the coordination and collaboration of the public, private and social sectors.

During this tour, President De la Madrid inaugurated the Popular Supply Program of the Federal District for 1985, in which 9.405 billion pesos will be invested. The first projects of the program, begun yesterday, entail investments of 1.615 billion pesos.

Before thousands of residents in the Sala de Armas, De la Madrid stated that the people and the government are firmly united in facing the crisis, with enthusiasm rather than pessimism. He emphasized: "We are calling for the solidarity of all Mexicans, and are taking advantage of that unity; and we are leaving behind those who do not believe in Mexico and those who are trying to spread pessimism during these difficult times for our nation."

The people of Mexico, he added, will be able to combine the efforts of the peasants, the workers, the poor, and the businessmen who believe in Mexico, who constitute the majority; it is only a handful who are trying to agitate the country, he indicated.

During this tour, the first in the Federal District this year, the chief of state awarded property deeds to 200 heads of household (accompanied in the district of Azcapotzalco by the raising of the white flag representing the regularization of land ownership), and inaugurated the El Rosario Supply Center, a gigantic warehouse for storing 2,500 products that will be distributed to all 67 outlets of the Storage System of the Federal District Department.

He also inaugurated a complex of offices that will be run by the National Consumer Institute and the Federal Consumer Prosecutor's Office to oversee the consumption of goods and services, and a shopping center. He described the Market Modernization Program and also heard an explanation of the "Market Days Program" that will take place in 100 markets in the capital.

President De la Madrid also inaugurated the Center for the Receiving and Distribution of Fish and Shellfish, where these foods can be obtained at prices 30 percent lower than regular market prices. All these programs are aimed at benefiting the lower classes of the Federal district by improving their diet and protecting their buying power.

The president explained: "In this way, we are putting into effect several policies the government of the republic has formulated in order to protect the standard of living of the majority of the population in this, our capital city, and throughout the republic as well."

#### Statement Called Laughable

Monterrey EL NORTE in Spanish 16 Jan 85 p 1-B

[Article by Juan Antonio Lara]

[Text] "It is really laughable to think that a handful of businessmen are trying to agitate the country," stated Alfredo Sandoval, president of the Employers Confederation of the Mexican Republic (COPARMEX), yesterday, in response to recent statements by President Miguel De la Madrid.

"Mexican businessmen have always served Mexico, and will continue to do so," indicated the business leader.

If Mexicans' rights are not respected, he warned, acts of violence may result. He pointed out that businessmen cannot as an institution support one political party, but they can do so individually.

The national business leader came to Monterrey to attend the council meeting of the Employers Center of Nuevo Leon, and gave a press conference with the president of that organization, Mario Garza Gonzalez.

He indicated that the solution to Mexico's problems does not lie in more government intervention in the economy, but in greater participation by private businesses.

"The government should have more faith in Mexicans."

Sandoval told local reporters and those from Mexico City that Mexican society is suffering from a Manicheanistic attitude that must be eradicated.

"Everything is not black or white; if a businessman criticizes the government, it is interpreted as a rift between the business community and the government, and that is not the case. We must become democratically mature enough that agreement and disagreement can be regarded as manifestations of a democratic society; agreeing with everything would be like living in a totalitarian society."

When asked about statements by President De la Madrid and Fidel Velazquez to the effect that a handful of businessmen is trying to agitate and divide the country, Sandoval answered:

"These statements are vague and general. We do not know what President De la Madrid meant, but we businessmen who are affiliated in employer associations are devoted to bringing about progress in the country by carrying out the tasks that are appropriate for businesses and workers."

He added that the business community is on Mexico's side and identifies with the workers and with the people of Mexico in general.

8926

CSO: 3248/231



NICARAGUA

AGREEMENT FOR SUPPLY OF STAPLE GOODS SIGNED

Managua BARRICADA in Spanish 18 Feb 85 p 4

[Text] Introduction

Realizing the need to shore up the real wages of the workers and to provide incentives for the work force in the city and countryside, the CST [Sandinist Central Organization of Workers] and the MICOIN [Ministry of Domestic Trade] have decided to sign the following agreement for supplying worker commissaries and mess halls:

I. Criteria for Distribution

The order of the categories is based on what they produce and how important they are to the country's economy.

1.1 The Categories:

- 1) Production centers with population settlements. Examples: Banana plantations, sugar mills, rice plantations, etc.
- 2) Production centers given priority by the 1985 Technical-Economic Plan.
- 3) Workplaces involving support infrastructure for production and essential services (construction, transportation and storage, INE [Nicaraguan Institute of Energy], INAA [Nicaraguan Water and Sewerage Institute], TELCOR [Nicaraguan Telecommunications and Postal Services], health care and education).
- 4) Other workplaces:
  - a) Communication media
  - b) Government administration and other services
  - c) Commerce

II. Commissaries

1. The MICOIN pledges to supply the articles and goods that are not distributed nationally, in accordance with the list of commissaries,

a list of articles and their average consumption per family and in accordance with actual product availability (See Annex 1 and 2). Accordingly, it will amend the quotas to reflect increases or decreases in personnel.

2. The CST and the MICOIN will approve the establishment of new regional commissaries and their classification, as well as correct any mistake in the lists of the various categories of workplaces.
3. In the case of workers in the fields of education, construction and the mass media, central commissaries will be established at strategic locations in urban and rural areas.
4. In the case of Special Zones 1, 2 and 3, lists of workplaces will be drawn up in each of them in accordance with the distribution criteria set forth in this agreement.
5. Seasonal items that have an impact on the budgets of the workers, such as toys, school supplies and occasionally imports such as household appliances, etc, will be distributed through the commissaries or as the CST and MICOIN see fit.
6. The workplaces will be responsible for transporting the goods, and thus the unions must arrange for such transportation with management.
7. In coordination with the various levels of the CST, the MICOIN will design the product distribution channels, in accordance with its administrative capabilities and with the support of legally established businesses, as well as the quotas and the periodicity of deliveries.
8. The MICOIN will not finance any commissary, and payments must therefore be made in cash. In turn, the unions will arrange for payments to be made by company management.
9. Pursuant to an express resolution of the parties involved, the eight basic items will be added to the list of products to be distributed to production centers that involve population settlements.

### III. Mess Halls

1. The MICOIN will guarantee supplies of staple goods to existing and future mess halls through its regional distributors, wholesale market, and food production and distribution enterprises. The ministry will take into account the characteristics of each center and its actual consumption in guaranteeing food supplies for the workers.
2. In the case of part-time workers and where there is no mess hall, the MICOIN pledges to furnish food supplies pursuant to a request from the union and the company management.

3. The following items will be guaranteed to mess halls: sugar, rice, corn, grains, oil, beans, salt, chicken, eggs, fish and beef. Other items will be obtained at the specialized enterprises and local markets.

4. The workplace will be responsible for transportation, and thus the unions must arrange for such transportation with management.

5. The union should take note that company management is responsible for defraying the costs of the supplies.

#### IV. Oversight Mechanisms Under the Agreement

1. To guarantee supplies to mess halls, the MICOIN will issue them supply cards on a regional basis.

2. Through its affiliates the CST will appoint people's inspectors of commerce (IPC's) in each workplace; they will be empowered by law and trained by MICOIN to monitor the products assigned to their workplaces.

3. The diversion or improper use of products assigned to mess halls will be punished under the Consumer Defense Law and the special regulations of worker commissaries and mess halls.

4. The working class pledges to avoid wasting the food items assigned it.

5. The unions pledge to see to it that the enterprises that produce the items on the MICOIN list deliver solely to the distributors.

6. The CST pledges, in conjunction with company management, to promote consumption by producers at the production centers that include population settlements and in other appropriate workplaces.

7. The MICOIN and the CST will review this agreement in accordance with the following timetable:

Regionally, every month, to monitor compliance and examine problems that might have arisen.

Nationally, every 3 months, for an overall review of the agreement.

8. This agreement will be implemented as of February and will be in effect throughout the country within 4 months.

Signed by the two parties on 17 February 1985

Guerrilla Commander Ramon Cabrales A., Minister of Domestic Trade  
Lucio Jimenez Guzman, Secretary General of the CST

V. Measures to Guarantee Compliance with the CST-MICOIN Agreement

1. Publicize the agreement so as to lay the groundwork for compliance and underscore the privileges it means for workers.
2. Instruct the Ministry of Agricultural-Livestock Development and Agrarian Reform and the Ministry and Industry to sign an agreement with the Domestic Trade Ministry under which the former would deliver to MICOIN the goods included in the CST-MICOIN agreement.
3. Insure that MICOIN secures all of the foreign exchange assigned to it so that it can make its initial purchases.
4. Instruct the foreign cooperation area to attach top priority to credit lines and foreign aid in this regard.
5. Nationalize the distribution of whole milk (expel Nestle).
6. Review the list of items on the parallel market and in secure channels.

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CSO: 3248/250

PERU

#### APRA SETS UP PLANS TO PREVENT VOTE FRAUD

Lima EQUIS X in Spanish 4 Feb 85 p 14

[Text] At the end of last year, the National Directorate for Electoral Political Activism, an executive organization of the National Campaign Command of APRA [American Revolutionary Popular Alliance], began a series of operations called "Vote Defense." The objective was defined in secret documents as follows: "Through electoral mobilization, the execution of all actions inherent to vote defense is insured to help our party and our presidential candidate as well as to provide adequate guarantees to the parliamentary candidates."

That mobilization has been subdivided into four operations that are being carried out now. Their key names are: I--Operation Full Speed; II--Operation Alert; III--Logistical Operation; and IV--Satellite Operation. These operations will be carried out throughout national territory and, according to the documents, will last "until the final results of the 1985 electoral process are received."

Supervision and general coordination of these operations will be under the national director of electoral political activism, Ernesto Amans. He will be advised by: Vitaliano Gallardo, national secretary of electoral technology; Jorge del Castillo, representative to the National Elections Board; leaders appointed by the Political Commission; and representatives appointed to the Departmental Elections Board.

Eusebio Cabrera has been appointed head of all the mobilization and is in charge of Operation Full Speed. Joel del Aguila is in charge of Operation Alert. Denis Zuniga is in charge of the Logistical Operation and Cesar Garay is in charge of the Satellite Operation.

Each operation is functioning based on a previously established timetable after the preliminary stage ended 15 January. According to the documents we have seen, that timetable consists of the following stages.

The first stage, from 16 January to 26 January, includes these three tasks:

- a) Review of the planning of the stages and operations;
- b) Review of adjustments in the electoral legislation as well as precise knowledge of the lists of parties, alliances and independents in each department;

c) A 3-day workshop for approximately 25 specialists and leaders of the PAP [Aprista Party of Peru] on the final plans for the mobilization.

The second stage from 26 January to 22 March consists of the following tasks:

a) Designation of approximately 250 instructors throughout the country (150 in metropolitan Lima), active members with a university degree and specializing in education;

b) A 1-day workshop to train these instructors;

c) Distribution of standardized educational material.

The third stage from 3 March to 6 April also has three tasks:

a) Four-hour workshops to instruct people at the national level who have already been motivated and organized by district and by voting center;

b) Distribution of manuals and work forms;

c) Group practices by voting center and site inspection.

The fourth stage goes from 14 April on and includes these tasks:

a) Selection of elite personnel for vote count in the Departmental Boards and on the National Elections Board;

b) Workshop to train these people;

c) Vigilance over and reception of official results.

This does not just involve the formation of a structure, according to what we have been told confidentially by APRA. It involves detecting and denouncing any sign of fraud which the government might be planning. They told us: "The right is capable of anything to stop us from reaching power. We are going to defend the popular will at all costs."

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CSO: 3348/369

PERU

# APRA ECONOMIST PRESENTS DEBT CRISIS MANAGEMENT PLAN

Lima EQUIS X in Spanish 4 Feb 85 pp 26-28

[Interview with Julio Alba Bravo, economist, by Elias Moreno; date and place not specified]

[Text] Julio Alba

Julio Alba Bravo is one of the best APRA [American Revolutionary Popular Alliance] economists. Economic adviser to Armando Villanueva's presidential campaign in 1980, he is touted in some APRA sectors as a leading candidate for leadership of the National Institute of Planning if Alan Garcia becomes president of the republic. Born in the city of Jauja, he graduated as an economist from the Universidad Nacional Mayor in San Marcos in 1965. Ever since then, he has been one of the mainstays of the National Government Plan Commission. In 1981 he was named to head the economic area of that commission. He took advanced studies in the United States in a program under the auspices of the IMF. He also took courses in economic development at the Universidad de Alcala de Henares in Spain. He has taught in several universities in the country. He taught economic theory in San Marcos. At the Universidad del Pacifico, he led a seminar on Technical Extension for Executives and he taught macroeconomics at the Universidad Nacional de Ingenieria. He is now president of Mutual Asincoop, a financial institution. In only a few months, he took it out of the stagnation in which it had sunk due to the mismanagement of his predecessor, Wilfredo Chau, who was responsible for a number of fraudulent irregularities which hurt Mutual Asincoop.

Julio Alba Bravo, a 44-year-old native of Jauja, is a distinguished Peruvian economist who has studied economic theory in Spain, Peru and the United States.

He is one of the professionals who initially worked on the government plan of the Aprista Party and is now involved in the revitalization of Mutual Asincoop as executive president of what is unquestionably one of the most important entities of its type.

This magazine interviewed this efficient professional, particularly about the economic situation of the country. His statements will unquestionably make more than one reader reflect.

## Necessary to Discuss Major National Problems

[Question] Some days ago, historian Pablo Macera once more showed his disbelief about what is happening in the country. He mentioned that there is a type of "non-debate" here about the real problems of Peru. What is your opinion about this, Dr Alba?

[Answer] Well, I believe that perhaps the electoral process is behind in the presentation of arguments. The Pope's visit and a series of events have not permitted a serious and in-depth debate about the basic problems of the country. I believe that, in general, a substantive message about a series of problems, especially economic ones, is being neglected for a series of general statements that are not consistent with the urgency for the country to solve the problems that afflict it. I believe, then, that the debate is still not specific or serious. I think it does not deal with solid problems like the government budget, the foreign debt, a proposed focus to solve the social crisis and the harmony that must exist between an economic proposal and a proposal for minimal social agreement so that the country can resume its growth stages. In short, there are a number of topics that are obviously important and are not being discussed right now.

[Question] Do you really think it is a temporary situation or is it a standard type of behavior of the political parties that prefer to go off on a tangent?

[Answer] I trust it is a temporary situation although I have some doubts. I think the situation--basically the economic situation--has taken the traditional politicians of this country by surprise. By making the debate specific and with the crisis becoming practically unmanageable, all the traditional speeches have lost their effect. The crisis has gone beyond the usual proposals.

[Question] Well, you are an economist by profession. Because of this and your Aprista membership, you were an initial participant in drawing up the APRA government plan. It would be interesting to hear your proposals to end the crisis....

[Answer] Well, I have an old message, if you will let me refer to the past. The economic problem of the country cannot be resolved based on the traditional focus for handling economic problems. I mean that I am completely skeptical that the problems of Peru can be solved with such an orthodox formula as the IMF's. I believe that the political parties in general and some technicians in particular, by subscribing to the monetaristic theories and the traditional focuses for handling the economic crisis, sin from a dreadful lack of imagination at this time. The country requires imaginative solutions and concrete proposals now that do not always agree with a certain model for analysis of the national problems. Monetarism has done a lot of harm in this country. I think the government technicians are guilty of excessive academicism, technical proposals to a problem that is basically technical, political and economic. I also think that the solution lies rather in a joint focus that not only looks at the economic facet but, basically, the social stability which is the cornerstone of any healthy growth in a country....



## Features of Solution to Current Crisis

[Question] What concrete proposals would you make?

[Answer] There are many concrete proposals but I believe that they can be summarized in three parts. The crisis cannot be resolved with orthodox treatment as prescribed by the IMF or the classical economists. The crisis has a social base and, therefore, we must start with a process of immediate redistribution of the wealth as part of an agreement process to reorganize the economy. No economic stability is guaranteed without prior social stability. I think that this is a basic message that is being forgotten at this time. Now, to make these proposals concrete in a monetary program, in a program of the foreign sector, by reducing the public deficit goes beyond the possibilities of this interview, don't you think?

[Question] I agree but do you think the economic problems can be solved outside of the demands and proposals of the IMF?

[Answer] I think it is feasible to harmonize the two positions. It does not seem to me that it is good to dispense with all the IMF proposals and aid. It is necessary to show the IMF that there is a serious internal effort through a realistic focus on the economic situation and the social situation. I imagine that when we are capable of presenting the solution to our problems in these terms, we will find not only understanding but definite aid from the IMF.

[Question] Do you advocate individual or collective negotiation with the IMF?

[Answer] I think that in the short term, to solve the current emergency crisis of the country, it will be practically impossible to rely on common or multi-lateral solutions--that is, Latin American fronts or fronts of debtor countries. I believe this is a goal for the medium and long term. In order to solve the emergency problem, we must make an individual effort based on a very strong internal effort and a very coherent proposal to the IMF which includes not only a political consensus but a technical and economic proposal that can be reasonably implemented.

[Question] The government has been postponing and renegotiating the foreign debt, even resorting to unilateral delays. Do you think this will affect the next government?

[Answer] This is a difficult question to answer since the overall context of the foreign debt problem is not known. Its details have not been made public. I believe that the proposal of the next government will cause greater or lesser harm and affect the success or failure of the debt renegotiation more than the conditions of the current government.

## Prospects of the Next Aprista Government

[Question] Your party, APRA, through its presidential candidate Alan Garcia, presented agriculture as the priority problem. Financing is crucial. Do you think it is possible to obtain financial resources under these circumstances?

[Answer] I think that if there is definite political support for the growth of the agricultural-livestock sector, it is feasible to obtain the means and achieve the objective. The effort that must be made to advance a number of policies for credit support can be done if there is determination and the redistributive criterion that I mentioned at the beginning. Funds can be obtained with a simple modification of the distribution of national income.

[Question] What do you think of the proposal of the United Left to finance agriculture through nationalization of large banking and large mining?

[Answer] It is absolutely unfeasible. I think the difference between the APRA model and that of the United Left at this time is that ours is perfectly feasible and achievable and theirs is not.

[Question] What is your opinion of the proposal that the current government agree with the political parties on any important economic measure during the time remaining?

[Answer] I agree. I am convinced that, at this time, no partial or in-depth solution is appropriate without an adequate context of national agreement.

[Question] Finally, how would you participate in an eventual APRA government?

[Answer] Look, I am a base member. I have never wanted any position related to my political ties. I have always worked in private practice. I have been self-sufficient, not a bureaucrat by definition. I do not have any expectations based on my political affiliation but I will be wherever the party sends me.

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CSO: 3348/369

PERU

# ECONOMY MINISTER SETS FUNDS FOR AGRICULTURAL DEVELOPMENT

Lima EL COMERCIO in Spanish 31 Jan 85 p A-13

[Text] The Ministry of Economy and Finance announced yesterday that the state will allocate 881 billion sols this year to promote national agriculture.

The communications office under Minister Guillermo Garrido Lecca said that this will be channeled through the BCR [Central Reserve Bank] which annually allocates almost 40 percent of its loans to the agricultural-livestock sector.

About 275 billion will be delivered between February and May in shares of 50 billion, 75 billion, 80 billion and 70 billion, respectively.

Also the Public Treasury will deposit 97,497,000,000 sols in the BCR "for the interest difference granted by the BAP to those affected by natural disasters in 1983." This was because the BCR would have already transferred that amount to the BA [Agrarian Bank].

Other operations include modification of BCR circular 029 on orientation of placements (loans) by commercial banks to the agricultural sector as well as a decrease in bank reserves beginning in April "to facilitate an increase in the resources of the BA."

As to the BA, it was reported that internal measures have been adopted like re-programming disbursements with resources from international organizations, the negotiation of "loan-bridges" from the Bank of the Nation and "the adoption of administrative measures to guarantee adequate and timely recovery of the credits granted by the BA."

These decisions are part of a "specific program of action to alleviate the effects of the crisis, revitalize the economy and lay the bases for national development."

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PERU

BRIEFS

RECORD 1984 NONTRADITIONAL EXPORTS--Nontraditional exports reached \$750 million in 1984 and it is expected that they can pass \$1 billion in 1985 under the same market conditions. Engineer Maria de Jesus Hume, general manager of FOPEX [Export Promotion Fund], announced this during a meeting held at ADV [Association of Peruvian Sales and Marketing Managers]. Engineer Hume stated that this has been the best year for nontraditional exports, breaking the records of past years. She indicated that the textile, fishing, agricultural-livestock and metalworking sectors had the best performance. She said that despite the protectionism imposed by the U.S. Government on nontraditional exports, 35 percent of these exports have been sold to that market, followed by the Andean Group, the FRG and Japan. She revealed that FOPEX has an ambitious program for 1985 stressing diversification of markets and incentives to add new products that can be sold abroad. In order to achieve these objectives, the necessary contacts have been reestablished so that our country can participate in 15 international fairs in 1985. She revealed that new markets are being consolidated and new products placed by means of 15,000 monthly communications with buyers and sellers abroad and by using our commercial delegations abroad to the maximum. [Excerpt] [Lima EL COMERCIO in Spanish 30 Jan 85 p A-13] 7717

CSO: 3348/369

SURINAME

UN INVESTIGATION FINDS DECEMBER 1982 KILLINGS UNJUSTIFIED

The Hague ANP NEWS BULLETIN in English 25 Feb 85 pp 7-8

[Text] Geneva, 25 Feb--A United Nations investigator has accused the military government in Surinam of rounding up and shooting dead 15 prominent opponents during civil unrest in December 1982, according to a report released on Friday.

The report was written by Kenyan lawyer S. Amos Wako, head of a UN human rights commission inquiry into summary or arbitrary executions. He visited the South American country last July to investigate the killings.

Wako asked 21 other governments to respond to allegations by human rights groups of killings there, but only six replied. His report, released at the current annual session of the 43-nation commission, did not name the countries involved.

During his visit to Surinam Wako reported that he was told by military leader Desi Bouterse: "The events of 1982 were necessary".

Unnamed military officers were quoted as saying: "It was--question of either 'them' or 'us'."

Wako concluded after meeting more than 100 people during his visit: "Even if such a threat had existed or was presumed to exist, the executions of 8-9 December 1982 cannot be justified and cannot but be considered summary or arbitrary".

'Traumatic Effect'

The killings had a traumatic effect on the whole population, he said.

In 1983 the Surinam authorities said the men, who included former Justice Minister Eddy Hoost, the chairman of the largest independent trade union, Cyril Daal, and Dutch journalist Frank Wijngaarde, had been shot while trying to escape from custody.

Wako quoted witnesses who saw the bodies as saying the men had been shot at close range from the front. Most of the bodies had wounds showing they had been severely tortured, they said.

The report said the other victims were three other journalists, three lawyers, two university professors, two businessmen and two army officers serving prison terms for alleged involvement in a March 1982 coup attempt.

"The question arises why there was no investigation or inquiry (by the authorities) into an incident which, by all account, shook the entire country", Wako said.

A Major Roy Horb had apparently been entrusted with preparing a report but was later arrested for an alleged plot against Bouterse. He was found hanged in his cell on February 3, 1983.

"No evidence of his report has been found", Wako said.

The report quoted Prime Minister Wim Udenhout as telling the investigator it would be counter-productive to punish those responsible.

"What would be served by this kind of justice?", Udenhout asked. "It might lead to violence again...."

Wako said that members of the armed forces and government had assured him that such executions would not take place again.

He also reported allegations of continued human rights violations and scepticism about the armed forces' declared intention of restoring democracy.

CSO: 3200/27

SURINAME

BOUTERSE DEPARTS COLOMBIA WITH \$15 MILLION IMPORT CREDIT

The Hague ANP NEWS BULLETIN in English 25 Feb 85 pp 6-7

[Text] Bogota, 25 Feb--Suriname military leader Desi Bouterse ended a visit to Colombia on Friday that diplomats said brought few substantial results but gave him the opportunity to enhance a tarnished international image.

Bouterse left Bogota with the assurance that bilateral economic and technical cooperation would increase. Colombia agreed to extend a 15-million-dollar credit to finance imports.

Bouterse told a news conference that Western-style democracy could not work in Surinam but that his country was on the way to democratization.

He said a 31-member constituent assembly set up last month with full legislative powers would prepare a constitution by early 1987. He did not say when elections could take place.

Asked about his human rights record, he said Surinam was not on the latest list of countries that violated human rights and described an earlier report by the Organization of American States human rights commission as biased.

In a report released in Geneva on Friday, a United Nations investigator accused the military government in Surinam of rounding up and shooting dead 15 prominent opponents during civil unrest in December 1982.

'Diplomatic Success'

At a press conference in Surinam at the weekend Bouterse said the visit to Colombia had been a great diplomatic and economic success. The Surinam delegation had been royally received, he said.

The credit facility would enable Surinam to import consumer goods, capital goods and raw materials and would end shortages of products such as sugar, medicine and car parts within a few weeks, he said.

Bouterse said Colombia had agreed to purchase Surinamese products such as rice, fish and aluminum, Suriname would prove that it could survive without Dutch aid, he added.

The chief of staff of the Surinamese Army Iwan Graanoogst told the news conference that the contacts with Colombia could lead later to military cooperation between the two countries.

Graanoogst, who accompanied Bouterse to Colombia, said this could take the form of training of Surinamese soldiers in Colombia.

#### Libya Visit

Bouterse also announced he would visit Libya this week to discuss a 100 million dollar loan by that country to Surinam. It had been announced earlier he would visit Libya in mid-March.

An official Surinamese statement said at the weekend that the Italian car manufacturer Fiat had offered Surinam credit worth "several million dollars" for the purchase of cars and trucks.

A separate statement said Prime Minister Wim Udenhout had reprimanded the editors of the newspaper DE WEST for relegating a report on Bouterse's visit to Colombia to an inside page.

According to the statement Udenhout told the paper's editors that this "unpatriotic" reporting breached an agreement of last May between the government and the country's news media.

CSO: 3200/27



URUGUAY

LEGISLATOR LABRUNA ON LATIN AMERICAN LEGISLATIVE LEADERS FORUM

Montevideo BUSQUEDA in Spanish 31 Jan-6 Feb 85 p 4

[Interview with National Party deputy-elect Carlos Rodriguez Labruna;  
date and place not specified]

[Text] U.S. President Ronald Reagan "still has a narrow view of Latin America's problems" and "is very clearly leaning towards a very strong policy of intervention, mainly in Nicaragua," Carlos Rodriguez Labruna, a deputy-elect of the National Party, has told BUSQUEDA.

The future legislator, who belongs to the Rocha National Movement, returned on Monday from Washington, where he took part in a gathering of lawmakers from Latin America, the Caribbean, Canada and the United States on an invitation from the Foreign Relations Committee of the U.S. House of Representatives and the University of Boston.

Fifty-two lawmakers spoke at the forum, which was also attended by the Colorado Party's deputy-elect, Roberto Asiain. Chile, Paraguay and Nicaragua were not invited, and Rodriguez Labruna noted that, along with Asiain, he had protested Nicaragua's absence "in his first speech."

The following is a summary of the conversation that BUSQUEDA had with the National Party's deputy-elect upon his return:

[Question] What do you see as the bottom line on this forum that was held in the United States?

[Answer] The bottom line is very positive for us because we have to go out in the world and struggle for our rights and our truths, speak out about our problems and seek the solidarity of other countries. Such solidarity is forthcoming right away if we have a properly prepared environment for understanding each other. The forum was sponsored

by the Foreign Relations Committee of the U.S. House of Representatives and the Center for Democracy of the University of Boston. They were the hosts and the one who extended the invitations.

[Questions] Were all of the countries on the continent invited?

[Answer] All except Chile, Paraguay and Nicaragua. Both Asiain and I, in our first addresses, spoke out against the exclusion of Nicaragua, and we were supported by most of the countries that broached the issue. It is only fair to state that the forum was very open as a vehicle for public discussion of the economic and political problems of the Americas. We clearly set forth the position of the National Party, as outlined in its program of principles and its government program, concerning the principle of nonintervention and self-determination, which we fervently defend. At the same time, though, we felt that it was very useful for Latin Americans and non-Latin Americans, that is to say, the entire hemisphere, to have a forum for discussing their problems publicly. And after 3 days of hard work the forum concluded with a series of recommendations that were approved by consensus and that are designed to lend some degree of continuity to it. Argentina offered to host the next gathering, probably in December of this year.

[Question] Did you have a chance to see President Reagan during your time in Washington?

[Answer] Yes, President Reagan received us. He briefly outlined the U.S. Government's view of the continent's political problems. We openly disagree with this view, because he gave the impression that he still has a narrow view of Latin America's problems, is quite unaware of the real situations in our countries (something that also comes out of talks with the U.S. lawmakers who attended the forum) and very clearly leans towards a very strong interventionist policy, mainly in dealing with the problem of Nicaragua. The intervention would not be of the traditional military sort, but rather of another kind, because he hinted in presenting some of his arguments that the United States is prepared to deal seriously with the Nicaraguan problem. We naturally oppose this approach, the old U.S. interventionist approach that has caused the continent so many problems and misfortunes. We were able to say this to the man in charge of international affairs, Dr Enaudi, who is an expert in Southern Cone matters and a State Department representative, and to all the Latin American legislators.

[Question] Would you say that this was one of the most important results of your trip?

[Answer] To an extent yes, because we were able to convey to the highest level of the U.S. Government not only our disagreement with the political orientation of the current administration but also our complaints about the economic problems that the administration

has caused us, i.e. the foreign debt, quotas on imports of our goods or worsening terms of trade. We also spoke out against the often regrettable meddling of the U.S. Embassy in our domestic affairs. We spoke out against several past episodes that we are all familiar with (I remember Ambassador Siracusa's term, for example), but we also underscored the Carter administration's concern with human rights, which is good to talk about in public.

[Question] From what you have said, do you think that the next government is going to bring about a radical shift in Uruguayan foreign policy, not compared to the military government but the governments before it?

[Answer] I think that Mr Sanguinetti's administration has an enormous responsibility in this regard. Uruguay's image has been severely tarnished by all of the episodes that we are familiar with, as the dictatorship decided that everything fell under its national security doctrine. I think that we have to move towards a realistic policy of Latin American integration, because we have broad common ground with the countries that have democracy now. We have to be very careful about the principles of nonintervention and self-determination. As weak countries, we have to defend ourselves at all times, and the best defense, given our economic weakness, is those principles. We also have to convey an image of earnestness and responsibility, conducting our international relations with complete flexibility and not refusing to negotiate with anyone.

[Question] Does this mean a major change from, for example, the foreign policy that the Pacheco Areco administration pursued?

[Answer] Of course it does, and I hope that the Sanguinetti administration moves in this direction.

[Question] And in this regard what do you think about the possibility of resuming diplomatic relations with Cuba?

[Answer] We have to trade with everyone. The breakoff of relations with Cuba stemmed from a very specific political episode that happened many years ago, and we are living in a different world today. The world is very flexible in this regard today. We have to pursue an open-door policy, and I think that a resumption of relations with Cuba is part of such a policy, especially because major commercial interests are involved. We have to market and sell our products, and there is no reason for us to intervene in the domestic affairs of other countries, unless they are harming our interests or violating elementary principles of democratic coexistence.

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CSO: 3348/402

VENEZUELA

OSWALDO PAZ ON ACTIVITIES OF FOREIGN RELATIONS COMMITTEE

Caracas BOHEMIA in Spanish 28 Jan-3 Feb 85 pp 12-14

[Article by Paula Giraud]

[Text] Oswaldo Alvarez Paz: Venezuelan-Colombian Problems Extend  
Beyond the Gulf

It is useful to know what functions and activities each of the standing committees discharges in the Congress of the Republic. On this occasion we spoke with the chairman of the Foreign Relations Committee of the Chamber of Deputies, Dr Oswaldo Alvarez Paz, about his committee's mission.

Like the other committees of Congress, the Foreign Relations Committee of the Chamber of Deputies monitors the administration's activities, in foreign policy in this case, with one difference however: Its power to act is limited by the express mandate that the National Constitution grants to the president of the republic to conduct the nation's foreign policy on his own.

"This is a power or an area of responsibility that cannot be delegated and that does not admit interference of any sort," Alvarez Paz adds.  
"The president of the republic conducts foreign policy, just as he conducts security and defense policy.

"The Foreign Relations Committee of Congress merely monitors the execution of policy. Rather than to develop specific foreign policy proposals, our function is to monitor the strategies that are being pursued to achieve the national objectives that the president of the republic sets forth. With its experience, the committee that I chair makes sure that when decisions are made the people formulating foreign policy have as much information available as possible. We are, of course, harsh critics and vigilant watchdogs of the actions of the Foreign Relations Ministry."

## Congress and Foreign Policy

"The 1961 Constitutional Assembly very wisely gave the president specific and direct responsibility for conducting the nation's foreign policy."

Oswaldo Alvarez Paz noted that Congress can have a decisive influence on the government's foreign policy. Although it might not seem able to formulate specific policies, Congress appropriates funds and has to approve given programs and initiatives.

Making a comparison with the powerful Foreign Relations Committees in the United States, Alvarez Paz says: "Even though the United States has an executive system like ours, the Foreign Relations Committees there are much more powerful than here. The U.S. Congress is in a position to check the Executive Branch, even though the president has enormous decision-making power."

The Foreign Relations Committee of the Chamber of Deputies has divided its work into several areas and has thus appointed a number of subcommittees to systematize proposals or ideas on a variety of issues. "The purpose of this approach is to develop what we might call a sort of basic doctrine on key issues for the country."

"We have a Borders Subcommittee that monitors everything that Venezuela is doing in regard to its borders. We have a Human Rights Subcommittee that monitors the constant human rights violations in other countries, and in this connection we demand solidarity and concrete action from democratic countries, especially the Western nations. We have six different subcommittees, because foreign policy touches on a great many areas. For example, even though the Andean Pact is a strictly economic matter, it has a great deal to do with foreign policy, and therefore we have a subcommittee that closely monitors what is happening in the pact. The country's energy and oil policy also are very closely related to foreign policy. So then, policies are becoming more intertwined every day."

Oswaldo Alvarez Paz also noted that the Foreign Relations Committee of the Chamber of Deputies has a subcommittee to deal with inter-American organizations (OAS, SELA [Latin American Economic System], etc) and another that concerns itself with international organizations (UN, UNESCO, ILO).

## The Dispute With Colombia Is Not Limited to the Gulf

[Question] What at the moment are the main activities or concerns of the Foreign Relations Committee that you chair?

[Answer] The Foreign Relations Committee of the Chamber of Deputies has its attention focused almost exclusively now on three issues: Central America and Contadora, Guyana, and Colombia. The dispute with Colombia is not limited to the gulf; it touches on everything

having to do with our common borders, including watersheds, river navigability problems and other matters that are more important to Venezuela even than the issue of the gulf. Borders are another issue of interest. Deputy Julio Camino, who has just submitted an interesting study to me, is the chairman of this subcommittee, which is working very earnestly in this area. [end of answer]

Alvarez Paz had this to say about the negotiations between Venezuela and Colombia, which practically came to an end when the proposed Caraballeda consensus collapsed towards the midpoint of Luis Herrera Campins's administration: "The talks that have been suspended since then have to be resumed. We will see what the administration intends to do this year about the gulf problem."

#### Support for Duarte's Efforts

The chairman of the Chamber of Deputies Foreign Relations Committee then referred to the strong support that has been given to Napoleon Duarte's efforts in El Salvador to further democratization in his country, beginning with his attempt at direct talks with the Salvadoran guerrillas. "President Duarte's bold initiative deserves the support of all. It is a great accomplishment that the guerrillas agreed to sit down and talk with Napoleon Duarte and also that the Armed Forces agreed to go along with and back him in the pursuit of this peace policy."

Alvarez Paz mentioned that the consensus in his committee is stronger on El Salvador than on Nicaragua. Similarly, there are differences of opinion on Nicaragua in AD, within the Left as a whole and in COPEI as well.

He also said that in his opinion Nicaragua's approach is beginning to change. "At least Daniel Ortega's inaugural speech gives me that impression, because the speech that he gave 2 months ago encouraged subversion on the continent, voiced support for the Salvadoran guerrillas and insolently criticized not only the United States but all Western forces and democracies as well. Daniel Ortega's speech 2 months ago also represented active confrontation with the Church, a move to do away with political pluralism and a hounding of private enterprise. The Daniel Ortega we are seeing today is a pleasant surprise. We will have to see to what extent his intentions are honest."

The Contadora Group has been effective in preventing the crisis from worsening in Central America. Without Contadora, who knows what might have happened!

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VENEZUELA

MAS CANDIDATE FOR SECRETARY GENERAL DISCUSSES PARTY IDEOLOGY

Caracas BOHEMIA in Spanish 14-20 Jan 85 pp 30-33

[Interview with Freddy Munoz, MAS leader, by Hugo Alberto Goitez: "MAS Must Be Rebuilt"; date and place not specified]

[Text] Freddy Munoz is one of the leaders of the MAS [Movement Toward Socialism] who has a well-defined public profile. He is known as a "hardliner," a "radical socialist" and an intransigent. His image unquestionably frightens the public, especially the voters. Let us see if the truth can be deduced in this interview, if Munoz is really a hardliner or if this is just prejudice against him. Let us see what the MAS deputy and member of the Political Commission of that party has to say.

[Question] What will you do with the MAS if you become secretary general?

[Answer] I must first warn that, in effect, I will do what I aspire that my Secretariat General /would do/ [in boldface]. In the first place, I would resume the theoretical and political search that has become stagnant over the years. The setback in our development is tied to this. That search must aim to develop the philosophy that, in the initial years of the MAS, meant a political and cultural break with the rest of the left. In other words, I see the innovation of the revolutionary statement that the MAS embodies as a basic necessity.

[Question] However, the public still identifies the MAS with communism....

[Answer] I see the difference with the other left in the country. We are substantially different because although we both question the current social order and fight for its improvement, we do not propose the same solutions. We have clearly different ideas about what socialism means. We have a good idea of the place that democracy must hold in a new society. We also have a different focus on real socialism. We have different views about international solidarity than those who fight for change. Our position toward theory tied to the fight for change is also very different. Therefore, we are very different. Possibly we say this and demonstrate this in our relationship with society. We must demonstrate that the alternative of the MAS is, effectively, a different alternative than that of the other left.

[Question] What effect would your intentions have?

[Answer] It would mean a decisive change in the political behavior of the MAS in the sense of converting it into an active factor in the social struggle, a militant spokesman for the great majority, that does not live only to communicate its own ideas but to harmoniously combine its propaganda with an effort toward social mobilization.

[Question] You said before that the MAS has had its image decline. What would you do about this as secretary general of the party?

[Answer] Reacquire that image of the MAS that has been lost or blurred over the years. I am referring to its image as an opposition force, as a critical force of the existing system of relations and established values. This does not mean a move toward radicalism but fully embodying the idea of change and political action. It means that, even when it shares in the democratic struggle of forces like the AD [Democratic Action] and COPEI [Social Christian Party], it is different from them and fights them from its own standpoint in the fields where they have hegemony. This must be translated into a style of propaganda and communication that are proper to a party that aspires to basic changes in society.

Create the "MAS Culture"

[Question] Creating a "style of propaganda" means that the party must have its own style.

[Answer] That is why I propose a vast, systematic effort toward internal formation in order to create the MAS culture. Based on this, the MAS will be able to help create the "culture of change" in society as the AD helped in its time to create the culture of the current representative democracy.

[Question] These are ambitious projects. How will they be carried out?

[Answer] I propose to develop an organizational strategy for the MAS so that it is capable of responding to the great demands of fulfillment of these lines. I am proposing a reorientation and a reconstruction of the MAS.

Facing the Government

[Question] What would your position be toward the current government if you become secretary general of the MAS?

[Answer] We have maintained a line of opposition toward this government. This is based on analysis of its basic orientations, its practical conduct and the results it has produced so far. If the government lines and action continue as they have, our opposition policy must be maintained. This does not exclude dialogue or agreement around a specific government policy, project or action that could help improve the situation of the country. No government does everything wrong and no intelligent opposition opposes everything a government does. One circumstance must be especially considered by the MAS--what is



proposed after formulation of the Seventh Plan of the Nation. I have read its general features and I must say that I have a positive opinion of it. Its diagnosis of the reality of the country is basically correct. In the programmatic lines outlined, there are proposals for advanced economic and institutional reforms that a force like the MAS must go along with. I cannot say now if what is proposed in the seventh plan will be the government policy. I can even say that there are reasons to believe that it will not be.

[Question] Why?

[Answer] There is a considerable difference between the orientation of the government and what is suggested in the Seventh Plan of the Nation. For example, there is a clear difference between the social policy in this first year of government and what is designed in the seventh plan. If that difference continues, it would demonstrate the contradictions in the heart of the government and within the AD. However, we have no reason to anticipate events and say beforehand that the plan is only a plan. Time will tell. However, the proposals for progressive reforms in the general features of the plan must not be ignored or underestimated by a force for change like the MAS. Therefore, I say that we must endorse them as, in effect, we do. This is perfectly compatible with our nature as an opposition force on the side of the interests of the masses.

The USSR and the United States

[Question] What is your position in the conflict between the superpowers, the United States and the USSR?

[Answer] We must continue to fight the major policies of the superpowers. With the democratic forces and the forces for change in the world, we must confront the hegemonic pretensions of both, their imperial designs and their attempt to have all life on the planet conditioned to their conflicts of interest. We must favor nonalignment and the autonomy of all movements that fight for social transformation.

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VENEZUELA

COPEI LEADERSHIP RESTORES PARTY DISCIPLINE

Caracas BOHEMIA in Spanish 14-20 Jan 85 pp 6-9

[Text] It was 8 January, 5 days before COPEI [Social Christian Party] celebrated the 39th anniversary of its founding by Rafael Caldera. Party leaders began arriving at 9 in the morning for the first meeting of the National Committee in 1985, a first meeting at which they would at least embrace and wish each other a "happy new year." Coincidentally, they were all wearing gray; their mood might well have prompted them to select the color least associated with joy.

Newsmen waiting at the door since early on an unpleasantly cold morning buttonholed the leaders "for a scoop." No comment. Smiles, but no statements. Luis Herrera arrived at 10:30. His comment was the same one he used to make in describing how he tackled all his problems as president: "I feel calm and unruffled."

Meanwhile, Dr Rafael Caldera announced through his secretary general that he would not be attending the meeting. He would stay home, which is where some hours before the three-page document that would put Luis Herrera in his place was drafted.

The newsmen were assigned to the mezzanine. A pot of coffee was being brewed for each of them, and an enormous yellow arepa [cornmeal pancake] was being heated up in a toaster oven. Smiling broadly, the newshounds asked: "Isn't that arepa for the guy I told you about? All it needs now is some cheese from his part of the country." [The reference is to Herrera]

The party leaders installed themselves on the third floor, behind almost police-like protection so that no one could pass. The call for the meeting stipulated that only the members of the National Committee who were elected at the National Convention could attend. The members of the National Secretariat were not invited.

Preliminaries

As on a major boxing card, this gathering had its preliminary events. The telephone calls and the personal contacts began on 28 December, when Luis Herrera's statements against Rafael Caldera appeared in

the paper EL UNIVERSAL. It could be said that the COPEI leaders did not really enjoy their yearend festivities because they were busy preparing for the one-round "match" that took place on Tuesday 8 January.

In his statements Luis Herrera went after not only Rafael Caldera but his party's national leadership as well. Responding to the charge that the party had lost the 1983 election because of the way it ran its campaign, Eduardo Fernandez publicly defended his organization on behalf of all members of COPEI, taking sides with all those who had worked to make Rafael Caldera president. Luis Herrera perhaps had no idea that his comments were going to unite the Caldera faction once again and consolidate the former president's leadership in the public's eyes.

Pedro Pablo Aguilar represented one side at these preliminary talks. He was calling for party unity, an end to public accusations and "leaving things like that alone," without any reprimand for Luis Herrera.

The other, radical approach was proposed by Oswaldo Alvarez Paz, who felt that Luis Herrera had distorted the facts, "engaging in harmful speculation, scheming on all sides, and mocking the leadership, especially the secretary general." He called for "a strong stand against factionalism and anarchy." He was practically calling for Luis Herrera's head.

A third approach, charting a middle course between Alvarez Paz and Aguilar, was put together by Godofredo Gonzalez and Eduardo Fernandez at Rafael Caldera's house. It was approved in the form in which it arrived at the meeting, with very few corrections.

#### The Meeting Begins

The meeting began at about 11:00 in the morning. The first to speak was Eduardo Fernandez, who gave a brief introduction and then read the document he had drafted. Oswaldo Alvarez Paz then took the floor and in a brief analysis of the situation voiced his support for the secretary general's document. Pedro Pablo Aguilar, also very restrained, stated that people other than Luis Herrera had said things about Rafael Caldera and nothing had happened to them.

Felipe Montilla defended the administration in which he had served as education minister, saying that history would be its judge. Montilla was seen leaving at around 3 in the afternoon, his face red with anger, but he later rejoined his colleagues.

Donald Ramirez and Hilarion Cardozo said that factionalism had to be eliminated because COPEI was a single party. Also addressing the gathering were Luciano Valero, Abdon Vivas Teran, Paciano Padron, Luis Alberto Machado and Aristides Beaujon.

Luis Herrera spoke last. For about a half hour he explained why he had spoken out against Rafael Caldera, contending that he was replying to the criticisms that the COPEI founder had made against his administration. He spoke deliberately and unexcitedly but with a slightly staccato delivery.

In general, all of the speeches were quite subdued. The address that most of the leaders liked the best was Eduardo Fernandez's, which was regarded as a strong, radical statement.

#### The Document

"The National Committee feels that the statements made by former President Luis Herrera Campins are inappropriately and regrettably at variance with the political line charted by the Expanded National Committee at its November 1984 meeting.

"Consequently, the National Committee warns that under no circumstances will it allow actions that are at variance with the political line that it has charted. We will begin disciplinary action against anyone, regardless of his importance or rank, who engages in such conduct."

It was as simple as that. Luis Herrera can no longer speak in public about Rafael Caldera.

Luis Herrera erred, though, in thinking that Eduardo Fernandez, in pursuing his policy of conciliation, was not going to side with his party's founder, with his master and guide, with whom he has had a close relationship since he was very young. Luis Herrera thought that the public squabbles between Oswaldo and Eduardo were going to be of benefit to him. He figured that since Fernandez had brought some of his (Herrera's) people into the National Committee and named his former secretary coordinator, he would eventually have Fernandez on his side.

The COPEI decision puts things in their place, of course. The big winner is Rafael Caldera, who unquestionably remains the head of the party. There is no one who can challenge him for top spot. The other winner was Eduardo Fernandez, whose clear-cut stand won him the applause of COPEI activists who had been annoyed for some time by Luis Herrera's public statements and his failure to admit that his administration was responsible for the adversity that COPEI is now struggling against.

The future also looks different. Many have seen their ambition of replacing Fernandez as secretary general scuttled. Well-known members and former members of the Herrera faction are seeking the secretary general's backing for 1989. Their chances are diminishing today, though, as Rafael Caldera strengthens his hand in his bid, at all costs, to prevent one of his enemies from heading up the party that he founded.

## Conclusion

The meeting ended at 5 in the afternoon. The first to leave was Vivas Teran, who looked pleased. Behind him came a smiling Juan Jose Caldera, and one of the reporters remarked: "Off he goes to tell his dad what happened."

They kept coming out a few at a time. Every time the elevator door opened, the photographers took their flashshots, thinking it might be Luis Herrera. But nothing. A tumultuous scene had developed on the ground floor of the COPEI headquarters, where some 50 representatives of the mass media from all over the country were trying to elicit comments from the party's leaders, who refused to make statements because that was the secretary general's responsibility.

Luciano Valero almost fell getting out of the elevator, and he was livid with rage. The reporters remarked that he looked as though he was going to have a heart attack. Was this why a physician went up to the third floor at noon with a blood pressure gauge?

Oswaldo Alvarez Paz left alongside a very happy Luis Betancourt, followed by Julio Cesar Moreno. Also smiling were Jose Curiel and Antonio Sotillo Luna. Everyone realized then that Caldera had been victorious.

Finally out came Eduardo Fernandez, who presented the document and spoke with reporters. Still no sign of Luis Herrera. When he did show up, there was nothing but pushing, shouting and shoving. He was hounded all down the street, just like in a Fellini movie. He did not want to speak. He could not speak. The National Committee of his party had forbidden him to.

"Shut up, keep cool or else," he was informed. But as an intelligent Caldera backer remarked as he saw Herrera leaving: How long will it last? Don't be too sure.

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VENEZUELA

PUBLIC OPINION REPORTEDLY CALLING FOR CABINET RESHUFFLE

Caracas BOHEMIA in Spanish 11-17 Feb 85 pp 10-12

[Article by Hugo Alberto Goitez: "Where Will Government Changes Be?"]

[Text] An impressive part of public opinion is demanding that President Jaime Lusinchi make an in-depth change in his government team in addition to a "change in direction" in the economic policy, according to spokesmen of the Union Bureau of the AD [Democratic Action] and the Confederation of Venezuelan Workers. There are ministers who have been strongly censured by AD leaders who also speak of a change in direction in economics. Political Report No. 724 of BOHEMIA, No. 1125, 7-13 January 1985, lists the cabinet changes that the Union Bureau and the CEN [National Executive Committee] of the AD feel the president of the republic must make.

Key Areas

These same AD leaders who are not in the government say that "in the health and social welfare sector, the hospitals have become worse." According to the same leaders, Minister Luis Manuel Manzanilla "has not shown the management ability to confront the serious health problem." Consequently, it is felt that Dr Manzanilla will leave the cabinet.

The problem of creating jobs is also bitterly criticized by the AD unionists. The design of that program was assigned to MINDUR [Ministry of Urban Development] but "the bureaucratization of that program which is so necessary and urgent in a recessive economy with a high unemployment rate has not yielded results so far. We only hear about the program itself; no one sees any practical application."

MINDUR is also criticized for not achieving revitalization of the construction industry during the first year of President Lusinchi's government. Everyone knows that this industry is a great generator of jobs and noninflationary wealth in the country. Therefore, the problem of housing remains the same. MINDUR has aimed its efforts toward the sale of the so-called "cold housing." These are very expensive houses and, consequently, their logical buyers--highly paid professionals or very rich people--cannot buy them because they were also hit by the crisis. According to the AD, the current minister of urban development, Rafael Martin Guedez, must be replaced by a more effective executive.

The AD leaders also criticize the confusion and chaos in the foreign relations sector. They say that the Foreign Ministry has become "the most sectarian enclave of COPEI [Social Christian Party]." The problem is that, in addition to the Ministry of Foreign Affairs, many other organisms intervene in diplomacy.

For example, the PDVSA [Venezuelan Petroleum, Inc.] and the Ministry of Energy and Mines have their own diplomacy with OPEC. The Ministry of Agriculture and Livestock has its own in its relations with the FAO of the United Nations. The Ministry of Health and Social Welfare deals directly with the WHO. The Foreign Trade Institute is also involved.

Those whom the AD leaders call "spontaneous foreign ministers who seem to be a constant in democratic governments" must not be forgotten. The AD leadership feels that the Ministry of Foreign Affairs must be given "a real profile...and all the offshoots that have sprung up must be tucked into this ministry so that it is the only entity that handles foreign policy" in Venezuela.

They also insisted on the need to eliminate the Ministry of Information and Tourism, a truly artificial creation. The CEN of the AD believes that we should go back to something like the old OCI [Central Information Office] under the Presidency of the Republic. The tourism part would be handled by a Tourism Office like in other countries where tourism is their main "industry without smokestacks."

#### Those Ousted

In the opinion of the AD leadership, the cabinet changes should be:

Luis Manuel Manzanilla, current minister of health and social welfare;

Rafael Martin Guedez, minister of urban development;

Isidro Morales Paul, minister of foreign affairs; and

Felipe Gomez Alvarez, minister of agriculture and livestock.

Hector Hurtado, current minister of development, would become president of the BCV [Central Bank of Venezuela] instead of the current president, Benito Raul Losada, who already presented his formal resignation to President Lusinchi. The Union Bureau of the AD calls the policy that Losada applied in the BCV "monetaristic." According to it, that "policy led to the failure of the administration of President Herrera." Hurtado could circulate the money that the current president of the BCV has held back.

The current governor of the Federal District, Carmelo Lauria, wants to be either minister of development, filling the vacancy left by Hurtado, or minister of finance. There is a better chance that he will go to the Ministry of Development because, according to the latest confidential information, Manuel Azpurua will be confirmed as minister of finance.

## Unknowns of Seventh Plan

Meanwhile, the AD leaders strongly demand that, no matter who is in Jaime Lusinchi's new government team, it must carry out the Seventh Plan of the Nation drawn up under the leadership of the former head of CORDIPLAN [Office of Coordination and Planning], Luis Raul Matos Azocar. This young leader, trained in the heart of AD unionism, was the first minister to resign from President Lusinchi's administration without having been asked to do so. Now there are fears that the Seventh Plan of the Nation will only be partially carried out and it will not benefit the majority of the people, particularly the lower-income sectors. The AD thinks that the seventh plan, as conceived, is the only hope for repeating an electoral victory in 1988.

For the time being, the Union Bureau with Matos Azocar as standard-bearer is getting ready to fight a hard battle in National Congress to defend the original draft of the plan. That is the situation. The names that the president includes in his new cabinet will show the direction that the national administration will take.

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VENEZUELA

OPPOSITION REPORTEDLY LACKING COHESION, STRONG LEADERSHIP

Caracas BOHEMIA in Spanish 11-17 Feb 85 p 37

[Article by Sanin: "Different Opposition"]

[Text] If the government is not doing right, neither is the opposition. If the AD [Democratic Action] regime has not kept its promises to get Venezuela going and live better, COPEI [Social Christian Party] and the other opposition movements do not yet offer an appealing prospect or a lure to attract the masses.

The opposition cannot and must not act based on the past but on the future. This seems like a commonplace but it can be very important from the tactical and strategic point of view. It is necessary to forget the electoral experiences since 1958 in order to find a new doctrinaire and pragmatic formula that goes beyond just a government alternative.

I conceive of an opposition with a program, a methodology and a strategy based on the most complete renovation. Of course, this renovation must be incarnate in a young, unique man, a charismatic party leader with an organization to replace improvisation and disorganization. He must be capable due to his training, clever without being glib, known for his skill and experience and, especially, honest. The Venezuelan crisis is especially a moral crisis and the country clamors for an honest president who will be aggressive against administrative corruption.

The opposition has to start from the basis that the nation is different from the way it was after Perez Jimenez. Its inhabitants and social classes are demographically different and the country has other problems, other aspirations and other goals.

It is stupid to speak of a post-oil Venezuela when we still live on the revenue that hydrocarbons provide. There is a change in the mining and oil policy based on conservation of natural resources and the rational use of energy. However, it is still a source of revenue.

I believe that the opposition must insist on making our oil policy at home and abroad a nonpartisan issue. The opposition must win the right to participate actively in the orientation, execution and implementation of the oil

policy. It is absurd and counterproductive for a single group, a single party, to make and direct that policy. This is detrimental to the national interest.

The opposition must be energetic in removing the oligarchic, classist and antipopular seal from economic leadership. It has had this seal since democracy was born in 1936 and projected in 1958. We need financial and economic actions with a nationalist inspiration and democratic projection to put an end to the traditional concessions to the richest in detriment to the poorest. The current opposition has lacked strength and effectiveness in denouncing the recent currency exchange measures that benefit the plutocrats but deny priority foreign currency for education, health and popular housing.

The opposition must always be bright and shining, firm and sure, in order to denounce mistakes and try to correct them, to challenge corrupt officials without discrimination and to force the government to solve the most acute daily problems that affect the masses like the cost of living, market speculation, the atrocious public assistance and the lack of security in the street.

I don't believe in the abstract and metaphysical notion of a leader who suddenly appears to promise a new political truth. I believe in patient political work and methodical organization. I do admit that we need a great leader of the opposition who speaks a different language, has charisma and attracts a public following. In my opinion, that man could be Dr Eduardo Fernandez, perhaps the most capable of the youths and the one with the credentials to become the standard-bearer for a new country.

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